



# ***Daily Report***

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## **China**

FBIS-CHI-92-190  
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30 September 1992

# Daily Report

## China

FBIS-CHI-92-190

### CONTENTS

30 September 1992

NOTICE TO READERS: An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Work on GATT Status To Be Stepped Up [XINHUA] .....	1
ADB, Japan Grant Loan to Laiwu Steel Company [XINHUA] .....	1

##### United States & Canada

Tong Zhiguang on Trade Talks With U.S. [XINHUA] .....	1
'Trade War' With U.S. Viewed [XINHUA] .....	3
U.S. Influence Disregarded [XINHUA] .....	4
Ambassador Han Xu Wants To See Bush Elected [Tokyo KYODO] .....	4
Bush Proposes Debates With Clinton [XINHUA] .....	5
Guangxi Secretary Meets U.S. Investment Group [Nanning Radio] .....	5
Chinese National Day Celebrated in New York [XINHUA] .....	5

##### Central Eurasia

Hainan Governor Meets With Russian Delegation [Haikou Radio] .....	6
--	---

##### Northeast Asia

No Tae-u Speaks at Beijing News Conference [Seoul TV] .....	6
Answers Reporters' Questions [Seoul TV] .....	7
Comments on Nuclear Arms [Seoul YONHAP] .....	9
Issues Press Communique [XINHUA] .....	9
Invites Yang Shangkun To Visit [XINHUA] .....	10
Yang Shangkun on 'Successful' Visit [XINHUA] .....	10
No Arrives in Shanghai [Seoul Radio] .....	11
Beijing Rejects Request To 'Pressure' DPRK [Tokyo KYODO] .....	11
Yang Shangkun on Relations With ROK, Japan [Beijing International] .....	11
Science, Technology Accord With ROK Signed [Seoul Radio] .....	12
Development Zone Designated for ROK Investment [XINHUA] .....	12
Korea Telecom, PRC Ministry Agree on Project [Seoul YONHAP] .....	12
Article on China's 'Abandonment' of DPRK [Hong Kong TANGTAI 15 Sep] .....	13
Qian Qichen Speaks at Japanese Envoy's Reception [XINHUA] .....	14
Jiang Zemin Meets Japanese Delegation [XINHUA] .....	15
Li Tieying, Ding Guangen Attend Japanese Soiree [Beijing TV] .....	15
Zhu Rongji Meets Former Japanese Minister [XINHUA] .....	15
Wu Xueqian Meets Japanese Businessman [XINHUA] .....	15
Hainan Secretary Meets Japanese Delegation [Haikou Radio] .....	16
10,000 Personnel Trained in Japan Since 1985 [XINHUA] .....	16

##### Southeast Asia & Pacific

Singapore's Lee Kuan Yew Meets With Li Peng [XINHUA] .....	17
Meets Yang Shangkun [XINHUA] .....	17
Chen Muhua Meets Singaporean Women's Delegation [XINHUA] .....	17
'News Analysis' on Return of Subic Naval Base [XINHUA] .....	18
'Roundup' on Subic Base [XINHUA] .....	18
Ding Guangen Meets Vietnamese Delegation [XINHUA] .....	19



Qiao Shi Meets Malaysian Top Prosecutor [XINHUA] .....	19
'Significance' of Australian Cooperation Viewed [XINHUA] .....	19

#### West Europe

Zhu Rongji Meets Former British Prime Minister [XINHUA] .....	20
Jiang Zemin Meets With Italian Senator [XINHUA] .....	20
Wan Li Meets IPC's Michael Marshall 29 Sep [XINHUA] .....	20
Friendship Association Set Up With Turkey [XINHUA] .....	20
Judicial Agreement Signed With Turkey [Ankara Radio] .....	21
Shanghai, Hamburg Sign Agreement on Cooperation [ZHONGGUO XINWEN SHE] .....	21
Credit Suisse Zurich Opens Shanghai Office [XINHUA] .....	21

#### NATIONAL AFFAIRS

##### Political & Social

'Reliable' Source Previews 14th CPC Congress [Tokyo TV] .....	22
Journal Views Inner-Party Struggle [Hong Kong CHENG MING 1 Oct] .....	22
Yao Yilin, Li Ruihuan at National Day Reception [XINHUA] .....	24
Wu Xueqian on Reunification [XINHUA] .....	25
Portrait of Mao Zedong Changed on Tiananmen [XINHUA] .....	26
TV To Inaugurate New Channel 1 Oct .....	26
Beijing Radio's 'Seventh Program' Airs 1 Oct .....	26
Li Peng, Qiao Shi Write Inscriptions for Paper [Beijing Radio] .....	26
Zhu Rongji Visits Guangdong; Views Reform, Tasks [Guangzhou Radio] .....	27
NPC Vice Chairman Wang Hanbin Inspects Hainan [Haikou Radio] .....	27
Religious Affair Bid To 'Legitimize' Tibet Claim [Hong Kong SOUTH CHINA MORNING POST 29 Sep] .....	27
QIUSHI Urges Better Internal Party Building [1 Sep] .....	28
Literature, Art During Yanan Period Discussed [QIUSHI 16 Aug] .....	32
Information on AIDS Said Scarce in China [CHINA DAILY 28 Sep] .....	33

##### Military

Qin Jiwei Attends Air Defense Work Conference [XINHUA] .....	34
Xinjiang Official Vows Support for Reform [ZHONGGUO XINWEN SHE] .....	35
Reference Works on Statutes, Regulations Published [ZHONGGUO XINWEN SHE] .....	36

##### Economic & Agricultural

Prominent Experts Call For Market Economy [ZHONGGUO JINGJI TIZHI GAIGE 23 Aug] .....	37
Commentary Hails Farm Produce Price Reform [XINHUA] .....	50
Official Promotes Cooperative Investment Funds [RENMIN RIBAO 16 Sep] .....	51

#### REGIONAL AFFAIRS

##### East Region

Shandong Strives To Use Foreign Farming Technology [XINHUA] .....	54
Agreement Signed for German Loans [Jinan Radio] .....	54
Shanghai's Economy Begins To 'Take Off' [XINHUA] .....	54
Wan Xueyuan Appointed Zhejiang's Vice Governor [XINHUA] .....	55

##### Central-South Region

Hainan Secretary Chairs Conference Committee [Haikou Radio] .....	55
Hainan Secretary Addresses Tourism Symposium [Haikou Radio] .....	55
Support Urged for 'Three Gorges' Migration [Wuhan Radio] .....	56
Vice Governor Urges Developing Private Enterprises [Changsha Radio] .....	57

### Southwest Region

State Council Approves Ascension of Living Buddha [ZHONGGUO XINWEN SHE] .....	57
17th Garmaba Congratulated [XINHUA] .....	57
Further on Ceremony [XINHUA] .....	58
Buddhist Sect Explained [XINHUA] .....	58
Official of 'Old' Tibet Lauds Recent Changes [XINHUA] .....	59

### North Region

Hebei Secretary Speech on Township Enterprises [HEBEI RIBAO 30 Aug] .....	60
Governor Addresses Session on Provincial Work [SHANXI RIBAO 2 Aug] .....	65

### Northeast Region

Harbin To Begin Building Hydroelectric Station [HEILONGJIANG RIBAO 16 Sep] .....	71
Heilongjiang Begins Construction on Reservoir [Harbin Radio] .....	71
Heilongjiang Opens China Northern Airline Branch [Harbin Radio] .....	71
He Zhukang Inspects High-Tech Development Zone [Changchun Radio] .....	72
Wu Yixia Meets Visiting World Bank Delegation [JILIN RIBAO 13 Sep] .....	72
Liaoning Achieves Gratifying Economic Results [Shenyang Radio] .....	73
Shenyang Completes Section of Expressway [XINHUA] .....	73

### Northwest Region

County Secretary Arrested for Violating Policies [Xian Radio] .....	73
Higher Learning Assistance Conference Concludes [Urumqi Radio] .....	73
Commodity Inspection Group Meets Xinjiang Leaders [Urumqi TV] .....	74

## PRC MEDIA ON TAIWAN AFFAIRS

Direct Flights Between Taiwan, Mainland Urged [Beijing Radio] .....	75
Cross-Strait Relations With Taiwan Viewed [Hong Kong LIAOWANG OVERSEAS EDITION 7 Sep] ...	75

## TAIWAN

GATT Council Decision on Membership Welcomed [CNA] .....	80
Further on Decision [CNA] .....	80
Task Force Formed [CNA] .....	80
Official Cited on 'Difficulties' [CNA] .....	80
Dissatisfied With 'Additional' Statement [CNA] .....	81
Asia-Pacific Parliamentary Conference Begins [CNA] .....	81
Opening Session Reported [CNA] .....	81
Joint Communique Issued [CNA] .....	82
Politics To Link With Economics in PRC Dealings [Seoul YONHAP] .....	82
Economic Cooperation With Belgium Discussed [CNA] .....	82

## HONG KONG & MACAO

### Hong Kong

Local Officials Offer Apology for 'Incursion' [Hong Kong SOUTH CHINA MORNING POST 30 Sep] .....	83
'Freedoms' Granted to Journalists, Artists [Hong Kong SOUTH CHINA MORNING POST 30 Sep] .....	83
President Bush's Veto of MFN Conditions Welcomed [XINHUA] .....	84

### Macao

Liaison Group Reaches 'Consensus' on Human Rights [XINHUA] .....	84
Minutes of Talks Signed [XINHUA] .....	85

## General

### Work on GATT Status To Be Stepped Up

OW3009034492 Beijing XINHUA in English  
1517 GMT 29 Sep 92

[Text] Geneva, September 29 (XINHUA)—Work on China's status in the General Agreement on Tariffs and Trade (GATT) will be stepped up, the GATT council decided Tuesday [29 September].

In a statement before council members, B.K. Zutshi, council chairman and Indian ambassador, said the working party on China's status as a contracting party should "expeditiously" continue its work.

Taking account of the pace of China's economic reforms, the party should report to the council as soon as possible, said the statement.

With reform and opening policies strengthened, China has achieved a stronger position in world trade in recent years.

According to GATT statistics, China's exports were more than 60.9 billion U.S. dollars while its import value totaled 52.3 billion dollars, making China the 15th largest exporting country and 18th largest importing country in the world.

The working party on China's status was set up in 1986 and has held as many as 10 meetings. The next meeting will be held on October 21, with protocol for China and China's trade system on the agenda, said trade sources at GATT.

Meanwhile, the council decided to establish a working party on Chinese Taipei, to review an application by "the separate customs territory of Taiwan, Penghu, Kinmen and Matsu."

"The council should examine the China working party report and adopt a protocol for the Peoples' Republic of China before examining the report and adopting protocol on Chinese Taipei," Ambassador Zutshi said, noting working party reports should be examined independently.

The decision indicates that China would be admitted in GATT before Chinese Taipei is admitted, and that Chinese Taipei will not be classified as a sovereign state in GATT.

### ADB, Japan Grant Loan to Laiwu Steel Company

OW2809110692 Beijing XINHUA in English 1043  
GMT 28 Sep 92

[Text] Manila, September 28 (XINHUA)—China, the Asian Development Bank (ADB) and the 15 Japanese banks today signed documents on loans for Laiwu Iron and Steel Company of China.

The loans include a complementary loan of 25 million U.S. dollars with ADB guarantee by five Japanese commercial banks and an additional loan of 28 million U.S. dollars in parallel co-financing from a group of 10 Japanese commercial banks.

A brief signing ceremony was held here at the ADB headquarters this afternoon.

The documents were signed by Zhang Ming, director of the International Department of the People's Bank of China, Kimimasa Tarumizu, president of the Asian Development Bank and representatives of the 15 Japanese banks.

This latest financing will supplement a loan of 133 million U.S. dollars approved by ADB in March to modernize and expand the Laiwu Iron and Steel Company.

## United States & Canada

### Tong Zhiguang on Trade Talks With U.S.

OW2909144192 Beijing XINHUA Domestic Service in  
Chinese 1119 GMT 29 Sep 92

[Report on interview with Tong Zhiguang, vice minister of foreign economic relations and trade responsible for policy toward the United States, by unidentified reports on 29 September; place not given]

[Text] Beijing 29 Sep (XINHUA)—Speaking on Sino-U.S. talks concerning market access and other relevant issues today, Tong Zhiguang, vice minister of foreign economic relations and trade responsible for policy toward the United States, told reporters that China will continue to adapt its trade pattern to international standards, but not necessarily in the way expected by the United States, and that China will develop in its own way.

He said that China hopes to accede to the General Agreement on Tariffs and Trade [GATT] and is ready to undertake the obligations demanded by it on developing countries. This will remain unchanged, whether or not there are talks on market access, and whether the talks succeed or fail.

He said that China does not want a trade war with the United States because this is detrimental to both sides, but China is not afraid of waging a trade war [jin xing mao yi zhan 6651 5887 6319 2496 2069], especially at a time when the other side is threatening us with trade retaliation.

He pointed out that China will adopt corresponding measures against the United States if it retaliates by imposing high tariffs on China; this is beyond doubt, but we hope that this will not happen.

The following are the contents of an interview between the reporters and Tong Zhiguang:

[Reporter] Vice Minister Tong, you will leave soon for the United States to take part in the ninth round of Sino-U.S. talks on market access. May I ask, please, what position will the Chinese side assume at the coming talks?

[Tong] We are going to the talks with sincerity. We will continue talks with the U.S. side under the guidance of the spirit of reform and opening to the outside world. However, to reach agreement, both sides have to work hard. We hope that the U.S. side also comes to the talks with a frank, sincere, and practical attitude to solve the differences existing between the two sides. We have told the U.S. side that China is a developing country, that it is impossible for us to accept conditions that exceed the requirements demanded by GATT on developing countries, and that the United States has no reason to demand that China do something that even the United States itself is not able to do. We hope that the U.S. side will cast away illusions at an early date and adopt a flexible and practical attitude favorable to the reaching of an agreement by the two sides.

[Reporter] The U.S. side has indicated on many occasions that China's accession to GATT depends on a large extent on the outcome of the solution of the market access issue. The United States will never allow China to join GATT if no solution is found for the issue. What is your view on this?

[Tong] First, I want to clarify one point, that is, China is one of the founders of GATT. Therefore, China has every right. Also, its legitimate seat in GATT should be restored. I believe that China will lend active support to GATT by resuming its seat on the organization. GATT's status is being challenged by the world's current growing trend toward forming regional economic blocs. We favor efforts to gear the development of regional economic blocs toward GATT-specified principles governing multilateral free trade. These economic blocs should not become regional protectionist trade groups. China's request for resuming its GATT seat reflects its affirmation and active support of the GATT-specified multilateral trade system.

As a major economic and trade power with a population of 1.1 billion, China is becoming a member occupying a decisive position in the international trading system. The multilateral trade system will be incomplete without China's participation.

After resuming its seat as a GATT signatory, China will not only enjoy the rights befitting it, but it will also conscientiously fulfill its due obligations. China is willing to make its own contributions to promoting the development of world trade within the framework of GATT.

[Reporter] On 21 August, the U.S. Trade Representative's Office released a draft list of retaliation against Chinese imports. It stated the U.S. intention of imposing punitive tariffs on the listed import goods if China and the United States fail to reach agreement on market

access by 10 October. Does this portend a trade war between China and the United States?

[Tong] The eruption of a trade war between China and the United States is totally contingent upon U.S. actions because the United States has unilaterally threatened trade retaliation. If the United States retaliates against us, we shall be compelled to adopt corresponding measures.

While demanding other countries to observe GATT principles, the United States frequently threatens unilateral trade retaliatory actions. This is itself a direct violation of GATT principles.

We do not want to see a trade war between China and the United States because it does not serve the interests of both the Chinese and the American people. A review of China's history will show that the Chinese people have never yielded to external threats. We did not buckle under longstanding blockades and embargoes imposed by Western countries shortly after the founding of New China.

Prompted by the U.S. release of its list of retaliation against our products, relevant departments in our country have drafted a list to counter retaliation. Public opinion is being canvassed on this list.

[Reporter] What effects will a Sino-U.S. trade war have on the two countries?

[Tong] A trade war benefits neither China nor the United States. Once a trade war breaks out, bilateral economic and trade relations will definitely experience a serious retrogression. To China, a trade war means its exports to the United States will be hindered. Many products will be forced out of the U.S. market by high tariffs. Hardest hit will be the "three types of joint ventures" in our country's economically most vibrant regions on the southeast coast. Hong Kong's economy will also be significantly affected.

It will be unwise for the United States to launch a trade war.

Many U.S. products have now become dependent on the Chinese market. U.S. wheat exports to China account for approximately one-fifth of the country's total wheat exports, while its exports of phosphate fertilizer to China represent roughly one-sixth of its total output. China is a huge market for U.S. commercial aircraft. The loss of the Chinese market will cause massive unemployment in the U.S. factories and farms that manufacture these products.

Moreover, the U.S. market depends heavily on some Chinese goods. The unavailability of these goods will directly hurt U.S. consumer interests. U.S. consumers will be forced to pay more for the same types of goods. At present, China's exports of toys, shoes, textiles and



garments, and traveling bags to the United States respectively account for roughly 31 percent, 45 percent, 26 percent, and 40 percent of the latter's total imports of similar goods.

Furthermore, the interests of U.S. enterprises in China will also be jeopardized. Currently, U.S.-funded enterprises in China number more than 2,800, with a total investment of \$5.4 billion. Many of these enterprises maintain their business by reselling their products to the United States. The aggravation of economic and trade relations between the two countries will surely threaten the development and survival of these enterprises. The interests of U.S. business people in Hong Kong will be hurt because a trade war will directly affect the Hong Kong economy.

Over the long term, the United States will lose part of the huge Chinese market. Although China's current purchasing power is weak, its open policy and economic reform are bound to create an overall economic boom. The construction of infrastructural projects during this process and the consumer demand arising after the process will create an enormous import market. If economic and trade relations between China and the United States take a turn for the worse, U.S. entrepreneurs and business people will lose golden opportunities, and it will be very difficult to restore them in the future. This is also contrary to U.S. interests.

[Reporter] Do you think the process of opening China's markets will stop if Sino-U.S. talks on market access collapse?

[Tong] No. As I have said, I believe that China needs to carry out reform and open to the outside world. This is our established policy. China will continue to open its trade markets and move toward the international multilateral trade system regardless of whether there are market access talks or whether such talks are successful. China's resumption of its GATT seat benefits both China and its trading partners. It will also help strengthen the multilateral trade system. It will be too naive to say that China will stop its program of reform and openness if the United States suspends talks on market access.

#### 'Trade War' With U.S. Viewed

OW2909133492 Beijing XINHUA in English 1312  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—China does not wish to see a trade war with the United States, but it is not afraid of it, especially when it is threatened with trade retaliation, a high-ranking official said here today.

Tong Zhiguang, vice-minister of foreign economic relations and trade, said in an exclusive interview with XINHUA that whether the trade war breaks out between China and the United States depends totally upon the action taken by the United States because the United States has unilaterally threatened to use trade retaliation.

"China will naturally take relevant measures should the United States hit China with high tariffs. There is no doubt about it. However, we do not wish to see it happen," the vice-minister said when answering questions related to the Sino-U.S. talks on market access and other matters.

He noted that the United States demands that other countries stay in line with the GATT (General Agreement on Tariffs and Trade) principles on one hand and often threatens unilaterally other countries with trade retaliation on the other. This in itself goes directly against the GATT principle.

"We are unwilling to see a trade war between China and the United States because it is not in the interest of the Chinese people nor the American people," he added.

Reviewing China's history, he said, people can see that the Chinese people have never yielded to outside threatening. The Chinese people did not collapse during long-time blockades and embargos by Western countries shortly after the founding of New China.

As for the Chinese products listed by the United States for retaliation, the vice-minister said, "related departments have already made corresponding anti-retaliation lists and are soliciting public opinions."

When asked what kind of impact will be produced by the trade war between China and the United States upon the two countries, Tong said, it will be no good for both sides. The bilateral economic and trade relations will fall back seriously if the trade war breaks out.

To the Chinese side, he said, the trade war means that China's exports to the United States will be hindered and many products will be forced to move out from the U.S. market owing to high tariffs.

What may be most striking are the foreign-funded enterprises in southeastern coastal regions which are the most active in China's economy. The economy in Hong Kong will be also affected considerably, he said.

As for the United States, he said, "it is not wise to launch the trade war."

At present, he said, many U.S. products have already become dependent upon the Chinese market. For instance, U.S. wheat exports to China account for one fifth of the total U.S. wheat exports, the exports of phosphate fertilizer account for one sixth of its total output, U.S. commercial aircraft have also had a large market. If the United States loses China's market, a large number of U.S. employees who produce these products will lose their jobs.

Meanwhile, he said, the U.S. market has a strong dependence upon some Chinese products, and American consumers' interests will be directly affected if these products are not available in the United States. They will have to pay more money for the same kind of products.

At present, China's toy export to the United States accounts for 31 percent of the total toy imports of the United States, shoes 45 percent, textiles and garments 26 percent and tourist boxes and bags 40 percent.

In addition, he said, the interest of American enterprises in China will be also threatened. U.S. business people have launched more than 2,800 enterprises with a total investment of 5.4 billion U.S. dollars in China. Many of them run businesses by reselling in the United States.

"If the bilateral economic and trade relations take a turn for the worse, it will inevitably threaten the development and survival of these enterprises," he noted.

Moreover, he said, the interests of American business people in Hong Kong will be also harmed since the trade war will directly affect the Hong Kong economy.

Tong pointed out that from a long-term point of view, the United States will lose China's big market to a certain extent. Although China's present purchasing ability is not strong enough yet, its economy will witness an overall take-off in its nationwide drive of opening to the outside world and economic reform.

The infrastructure construction in this process and the consuming demands after it will surely form a tremendous import market. If the Sino-U.S. economic and trade relations worsen, American entrepreneurs and business people will let slip good opportunities, and it will be difficult to restore them.

### **U.S. Influence Disregarded**

*OW2909154392 Beijing XINHUA in English 1523 GMT 29 Sep 92*

[Text] Beijing, September 29 (XINHUA)—China will continue to move its trade system toward the international standards on its own way but not like what the United States hopes, a high-ranking official said here today.

Tong Zhiguang, vice-minister of foreign economic relations and trade, said in an interview with XINHUA that China hopes to join in the General Agreement on Trade and Tariff (GATT) and is willing to take the obligations set by GATT on the developing countries.

"This stand will remain the same whether there is market access negotiation or not, or whether it is successful or not," he said in the interview focusing on questions concerning the forthcoming negotiations for market access between China and the United States.

He said: "We are sincere toward the negotiation and we will continue negotiations with the American side in the spirit of reform and opening to the outside world."

However, he noted, the success of the negotiation demands common efforts by both sides and China hopes that the American side will hold the same sincere and practical attitude in order to smooth differences existing between the two sides.

"We have already informed the American side that China is a developing country and it will not accept conditions out of what GATT requires on the developing countries. It's unreasonable for the U.S. to ask China to do what the U.S. itself cannot do," he said.

The vice-minister said that China hopes that the American side will abandon the illusion as early as possible and take a flexible and practical attitude in a bid to reach an agreement.

The reporter raised the question to the vice-minister that the United States expressed on many occasions that China's membership in GATT depends largely on negotiation for market access disputes. If the problem of market access cannot be settled, the U.S. will on no account allow China to enter into GATT.

Tong replied that China was one of the founding states of the GATT and it has a full right to hold and resume its legal seat in the GATT.

The vice-minister said that resumption of China's membership in the GATT will be a powerful support to it. GATT has met challenges as the trend of regional economic blocs is intensifying today.

"We maintain that the development of the regional economic blocs should be in line with the principle of the multiple free trade set by the GATT. It should not be a trade bloc of regional protectionism," he said.

He noted that China's demand to resume its membership in GATT is a justification and a powerful support to the multiple trade system set by GATT.

As a big economic and trade country with a population of 1.1 billion, he said, China is rising to be an indispensable member in the world trade system. The multiple trade system is incomplete without China's participation in it.

After China resumes its membership in GATT, he said, China will not only have the right that it should enjoy, but also carry out its obligations conscientiously. China is willing to make its contribution to the development of world trade under the GATT framework.

### **Ambassador Han Xu Wants To See Bush Elected**

*OW2909212692 Tokyo KYODO in English 1454 GMT 29 Sep 92*

[Text] Beijing, Sept. 29 KYODO—A former Chinese ambassador to the United States on Tuesday [29 September] said he was hoping privately that incumbent George Bush will win the U.S. presidential election this fall.

Han Xu, ambassador to Washington 1985-89, told Keigo Ouchi, chairman of Japan's Democratic Socialist Party, that he hoped Republican candidate Bush would win because he has known the president for a long time.

Han, now president of the Chinese People's Association for Friendship with Foreign Countries, said he also worries about the Democratic Party and conditions they attempt to attach to China's Most-Favored Nation trade status with the U.S.

The U.S. Congress has demanded China improve its human rights, halt arms sales to the Middle East, and ease trade friction with the U.S. to maintain its MFN relationship, but Bush has exercised his veto power over these bills each year.

Bush served as head of the U.S. Liaison Office in Beijing in 1974-75.

Ouchi is in the Chinese capital to take part in celebrations marking the 20th anniversary of normalized relations between Tokyo and Beijing.

Ouchi later met with Chinese Vice Premier Wu Xueqian who said China was not to blame for the recent deterioration of relations between Beijing and Washington.

"The U.S. must work harder for good relations," said Wu, who requested Washington to be conciliatory on trade friction and its sale of F-16 fighter jets to Taiwan.

#### **Bush Proposes Debates With Clinton**

OW3009082492 Beijing XINHUA in English 0405  
GMT 30 Sep 92

[Text] Washington, September 29 (XINHUA)—U.S. President George Bush today proposed four television debates with Democratic presidential nominee Bill Clinton, Cable News Network said in a report.

Bush said to his supporters at Austin Peay University, Tennessee, that the four debates will take place on every Sunday evening starting from October 11 to November 3—two with a panel of journalists and two with just a moderator between the candidates.

The President earlier refused to accept the latter format proposed by the bipartisan commission on presidential debates, leading to cancellation of the proposed debate in East Lansing, Michigan on September 22. He insisted on a panel of journalists.

Bush also suggested two debates between the vice presidential candidates, with one using single moderator and the other getting in a panel of journalists.

Bush said, "If governor Clinton is serious about debating, he will accept this challenge and he will instruct his campaign officials to meet promptly with mine to work out details directly between the parties."

In response to Bush's proposal, Clinton said he was ready to debate with the President, but urged Bush to show up at previously scheduled debates on October 4 and 15.

He said, "Let's start on Sunday. I'm ready."

#### **Guangxi Secretary Meets U.S. Investment Group**

HK2909052092 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 20 Sep 92

[Excerpt] Autonomous regional party Secretary Zhao Fulin and autonomous regional government Chairman Cheng Kejie each met with Mrs. Li Ya-ping and her 11-member Guangxi Inspection Team from the U.S. International Group Comprehensive Investment and Development Company in Nanning's Mingyuan Hotel 19-20 September. The meeting proceeded in a cheerful atmosphere from start to finish.

Cheng Kejie and leaders of the relevant provincial departments, commissions, and offices met with the group at a reception room in the Fifth Building in the Mingyuan Hotel at 1800 on 19 September. The host said: I am very pleased to meet you. Welcome.

When she entered the reception room, Mrs. Li Ya-ping felt as if she were meeting old friends, and warmly shook hands with Cheng Kejie to give her regards. Chairman Cheng Kejie accorded his welcome to the team, which came to Guangxi in a bid to invigorate the region. Mrs. Li Ya-ping, publisher of KUO CHI JIH PAO in the United States, who returned to her native land for the first time after 50 years of long separation, said happily in response: I am pleased, but I also feel sorry, because I left my native land when I was young, and return when I am old. When Cheng Kejie briefed her on Guangxi's economic situation, geographical strengths, and rich natural resources, he laughed at himself, saying: A melon-seller always praises his own wares. Mrs. Li Ya-ping understood this and said: It does not matter. As long as the melon is sweet, I will buy it. [passage omitted]

#### **Chinese National Day Celebrated in New York**

OW3009055192 Beijing XINHUA in English 0504  
GMT 30 Sep 92

[Text] New York, September 29 (XINHUA)—A grand celebration was held at the Chinese Consulate General here today to mark the 43rd anniversary of the founding of the People's Republic of China.

Speaking at the celebration, Chinese Consul General Zhang Weichao said over the past 43 years, especially the last 14 years since the adoption of the policy of reform and opening-up, China has scored remarkable successes in its economic development and the country has taken on a new look.

Encouraged by Deng Xiaoping's statements made during his inspection tour to southern China early this year, Zhang said, the reform and opening-up and economic construction in China have entered a new phase.

He said China's GNP growth rate this year is projected to reach and even exceed 9 percent and the total value of foreign trade is expected to exceed 150 billion U.S. dollars.

At present China is enjoying political and social stability, economic prosperity, and national harmony and unity, and the Chinese people are living and working in peace and contentment, he said.

On Sino-U.S. relations, Zhang said the interactions between the two countries will have a significant impact on peace and stability in the Asia-Pacific region and the world as a whole. The three joint communiques between China and the United States constitute the basis of Sino-American relations.

"So long as both sides adhere to the principles laid down in these communiques, the bilateral relations can be restored and developed, otherwise they will suffer frustrations and even setbacks," Zhang said.

The progress achieved so far has not come easily and should be cherished, he added.

Those present at the celebration were U.S. and New York government officials, consuls general of foreign countries in New York and noted personages in the fields of science and technology, education and culture.

### Central Eurasia

#### Hainan Governor Meets With Russian Delegation

HK3009033992 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 21 Sep 92

[Text] Provincial Governor Liu Jianfeng met with a seven-member delegation from the Russian Federation, headed by Yuriy Boldyrev, head of the control department of the federation, in Haikou's International Financial Building yesterday afternoon. Li Zhilun, vice minister of the Ministry of Supervision, and Vice Provincial Governor Wang Xueping, were present at the meeting.

Governor Liu Jianfeng welcomed the delegation on behalf of the provincial government, and briefed his guests on Hainan's rich natural resources, the central authorities' preferential policies for Hainan, and achievements made in reform and opening up.

Yuriy Boldyrev stated his willingness to carry out friendly exchanges and cooperation with Hainan in this regard. During the meeting the hosts and the guests also exchanged views on supervisory work. The guests came to China at the invitation of the Ministry of Supervision. They arrived in our province yesterday morning for a three-day visit after visiting Beijing and Shanghai.

### Northeast Asia

#### No Tae-u Speaks at Beijing News Conference

SK2909105792 Seoul KBS-1 Television Network in Korean 0815 GMT 29 Sep 92

[Opening statement by ROK President No Tae-u at a news conference held in the Great Hall of the People in Beijing on 29 September—live]

[Text] I am very glad to meet you here. Until some time ago, I could not expect that I would ever meet journalists from the ROK [Republic of Korea], the PRC, and foreign correspondents here in Beijing.

I believe that my current visit to China is very significant and provides an important opportunity to end the cold war system in Northeast Asia and form a new global order amid global history's trend of advancing toward reconciliation and cooperation by doing away with confrontation and discord.

During my visit to China, I met with President Yang Shangkun, Party General Secretary Jiang Zemin, Premier Li Peng, and many other Chinese leaders. I exchanged very beneficial talks on matters of mutual interests with them.

We also exchanged our views on the situation in Northeast Asia and on the rapidly changing international situation, not to mention ROK-PRC relations.

Viewing ROK-PRC relations over the past half-century, my current visit to China is an event that announces to the entire world that our two countries are opening a new era of reconciliation and cooperation by ending the long cold war era.

Our two nations are geographically very close neighbors and members of the same east Asian cultural sphere. Throughout several thousand years of history, the two countries have had deep exchanges and cooperative relations.

Even today, more than 2 million of our compatriots are living in China. Their number is the greatest among compatriots living in other countries. On no occasion in the past did our two countries sever the mutual exchange of culture and the visits of people. Our two nations have, however, had abnormal relations for a short period of time. This is indeed an unfortunate experience enforced by the modern history of the East-West cold war.

Our two countries have opened a new chapter of history in which we coexist and prosper by crossing the barriers that divided us in the past.

By turning the Yellow Sea into a sea of exchange and cooperation our two countries will foster friendship between the two peoples and mutual prosperity.

Dear people: The developing relations between our two countries that were achieved by the establishment of ROK-PRC diplomatic relations will mean a change in international circumstances surrounding the Korean peninsula.

There is no area on this earth that has suffered such great pains due to the East-West cold war as the Korean peninsula. The nation and people have been divided in two, the people have suffered the tragedy of war, and even today more than 10 million separated families are living without knowing one another's fate on the same Korean peninsula.



Even at this moment, as many as 1.7 million heavily armed troops are deployed along the dividing line of the Korean peninsula in confrontation with each other.

We should resolve at an early date the question of the Korean peninsula, which is a crucial task for peace in the Northeast Asia and in the Asia-Pacific region.

The international society is rapidly moving toward a new global order. Reconciliation, cooperation, peace, coexistence, and co-prosperity have become new relations of all countries. I think that if any country hesitates to join in these relations, it will be isolated.

During my meetings with Chinese leaders yesterday and today, we agreed that the establishment of diplomatic relations between the ROK and China has become a historic milestone in bringing an end to the cold war structure in Northeast Asia and building peace. We also agreed that the promotion of relations between the two countries will greatly contribute to making progress in the North-South dialogue and fulfilling the Korean nation's earnest desire for the peaceful reunification of the Korean peninsula.

After freeing themselves from the dark era of the past, the two countries, the ROK and China, will jointly open the bright era of good-neighborly relations of friendship.

Rising from the ashes of war, the ROK people have continuously achieved development in political, economic, social, and cultural fields and all other fields. During this period, China has also overcome numerous challenges and difficulties and, thus, built a springboard for development. The economies of our two countries have complementary and reciprocal aspects. We can promote cooperation by expanding exchange and trade. China has abundant natural resources, excellent manpower, and advanced science and technology. It has, therefore, boundless potential for development. The ROK has experience and know-how which it has attained through overcoming the difficult conditions of shortages in capital and technology. It also has limited markets and has become one of the top 10 trading countries in the world in a mere generation. The ROK also has accumulated technology in iron and steel, shipbuilding, electronics, construction, and various other fields.

If our countries tap each other's strong points and cooperate with each other, they will be able to jointly reap the fruition of reciprocal cooperation. The volume of trade between our two countries is estimated to be \$10 billion by the end of this year, and more than 150,000 people of the two countries will visit the other country by then.

My plane arrived in Beijing in less than two hours after it had taken off in Seoul. It is very natural for the two neighboring countries, which are this close, to promote cooperation in economic, social, and cultural fields and all the other fields.

Our proverb says that a thing well begun is half done, and another proverb says that a journey of a thousand miles starts with but a single step. Likewise, it is difficult to make starts. The diplomatic relations between our countries have just taken the first step. This means that the promotion of friendship and cooperation is already half done.

I heard that, referring to relations between our two countries, Premier Li Peng last April quoted a Chinese proverb that says that once water flows, it will become a river. Brooks make a stream, streams make a river, and rivers flow to the big sea. This is a principle of nature. In relations between our two countries, brooks have already made a stream. By consolidating substantive cooperation, our two countries must sail a boat of cooperation on a big river and go to the vast sea.

The 21st century is called the era of the Asian-Pacific region. At this time the 21st century is just around the corner, the two countries, the ROK and China, must prepare themselves to lead the prosperous Pacific era. We will promote cooperation in all fields based on our historic and traditional ties.

I again say that we will cultivate valuable relations of friendship and cooperation as genuine neighbors that treasure each other. I ask you, journalists, to favorably cooperate in this effort.

I will be leaving for Seoul tomorrow with the friendship of the Chinese people, who are opening up the new era of opening up and prosperity, in my heart.

I sincerely appreciate the Chinese leaders and all the Chinese people for warmly welcoming me and my entourage. Thank you.

#### Answers Reporters' Questions

SK2909140792 Seoul KBS-1 Television Network in Korean 0825 GMT 29 Sep 92

[News conference by ROK President No Tae-u with foreign and domestic reporters at the Great Hall of the People in Beijing on 29 September—live]

[Text] [Kim Yong-ha, KUNGMIN ILBO] In carrying out the northern policy you, Mr. President, have said that your visit to China would lead to Pyongyang. I heard that the leaders of the ROK and China have reached a consensus of views on North-South relations. What specific roles did you ask China to play in building peace on the Korean peninsula? How did the Chinese side respond?

[No Tae-u] As you know, the ROK and China have established diplomatic relations. I held summit talks and met with various Chinese leaders. We discussed not only problems concerning the two countries, the ROK and China, but also the North-South Korean issue, problems concerning all of Northeast Asia, and the situation in the world.

Your question was: What roles did I ask China to play in improving North-South relations during the ROK-Chinese summit talks and how did China respond. China supports and sympathizes with the efforts for dialogue and cooperation which we have made in North-South relations. China has intimate diplomatic relations not only with our ROK, but also with North Korea. As long as it sympathizes with our efforts for reconciliation and cooperation between the North and South, I expect it will make every effort toward that end. I also expect that it will play beneficial roles in handling the North-South issue. Would any of the Chinese reporters like to ask a question?

[Unidentified XINHUA correspondent, in Mandarin followed by Korean translation] I am a XINHUA NEWS AGENCY correspondent. Your Excellency, Mr. President: You hosted a luncheon yesterday for ROK and Chinese businessmen. During a speech on that occasion, you said that you can see boundless prospects for economic cooperation between the ROK and China. Would you elaborate on the concrete content of economic cooperation between the ROK and China?

[No] Leading businessmen of our country accompanied me on my visit to China. I think they now are studying the concrete contents of economic cooperation. As you know, our country had no natural resources or technology a mere 30 years ago. The country was devastated. We have brought about great achievements during these 30 years. We have achieved development by giving priority not only to small and medium-size corporations, but also to the heavy and chemical industries. We have achieved what took other countries 100-200 years. We have achieved rapid development in the heavy and chemical, iron and steel, electronics, automobile, ship-building, and textile industries, and all the other industries. I think the entire world is interested in how we have achieved such development.

I think that many of the goals China is pursuing are identical to those we have attained in our development. I think that if the experiences and technology we have attained in our development and China's abundant natural resources, excellent manpower, and advanced technology are combined, this will greatly help China fulfill the Eighth Five-Year Plan that China is mapping out and implementing. I also think that we, too, can benefit from this by playing complementary roles. Would any Western journalists based in Beijing like to ask a question? Would an ASSOCIATED PRESS reporter like to ask a question?

[Unidentified reporter, ASSOCIATED PRESS, in English] Mr. President: Yesterday, in your talks with the Chinese, the Chinese side suggested that too much international pressure on North Korea with regard to the nuclear issue could be counterproductive. Do you agree with this statement? And, also, have you had any indication that China is pressuring North Korea to open up its society and its nuclear facilities? Thank you.

[No] As you well know, North Korea's nuclear issue is not only a North-South Korean issue but also a serious international issue. China, too, understands this well. How to remove North Korea's nuclear threats will be our future task. I think the international community concurs that North Korea must in no way develop nuclear weapons. What we must do is to have North Korea implement the joint denuclearization declaration, on which the North and South have agreed, through dialogue. We have been eagerly persuading North Korea to implement it. We have failed to do so. I hope, however, progress will be made gradually in our efforts.

What China wants is identical to what we want. China has expressed its view that it would be better to remove North Korea's nuclear threats [wihyop] through dialogue and persuasion, rather than through some physical pressures. I think that this is fundamentally identical to what we have pursued. I will now take the question by the RENMIN RIBAO reporter in Beijing.

[Unidentified reporter, RENMIN RIBAO] His Excellency President, you explained about economic and trade issues. What do you think about future cooperative relations between China and the ROK in each field, including science, technology, culture, and sports?

[No] The ROK minister of science and technology is accompanying our party. The agreement on science and technology between the two countries will be signed tomorrow.

This is indeed a desirable event. The leaders of the two countries shared the same view that cooperation in the cultural and art domain will also be excellently and substantively realized between the two countries. I believe that such cooperation will be carried out in the future.

[No] Lastly, I will take a question from a Korean reporter. Reporter Yun from HANGYORE SINMUN, you may ask questions.

[Yun Kuk-han, HANGYORE SINMUN] I am Yun Kuk-han from HANGYORE SINMUN. Mr. President, will you tell us about the thoughts the Chinese leaders whom you met have toward the extent and capabilities of North Korea's nuclear development? At the same time, Mr. President, you expressed your intention to help North Korea normalize its relations with the United States and Japan, provided that suspicions [uihok] concerning North Korea's nuclear development are removed. Will you please explain what kinds of concrete help our government can give?

[No] As I mentioned earlier, the Chinese position is that it does not want nuclear development by either side of North and South Korea. Please keep this in mind. How can we help North Korea concretely? The immediate, impending issue for North Korea is that it wants to establish diplomatic relations with Japan.

At the same time, it also wants to establish diplomatic relations with the United States and other Western countries. The most serious stumbling block is that these countries do not want to establish diplomatic relations with North Korea unless suspicions on North Korea's nuclear development are completely removed. It is indeed distressing.

What we earnestly hope at present is that North Korea remove the suspicions concerning its nuclear development at an early date. Thus, in the event that such suspicions are completely removed, we will take the initiative in offering cooperation to North Korea by taking advantage of our experiences gained in the course of establishing diplomatic relations with foreign countries. Since I assumed the presidency, our nations established diplomatic relations with as many as 39 nations.

We will cooperate with North Korea by offering our experience. In addition to the issue of diplomatic relations, we will give economic support to North Korea and other substantive assistance in many fields in its interest.

Because we are approaching the appointed time, I will now take only one last question. The NHK reporter, you may ask a question.

[Unidentified reporter, NHK] I am an NHK reporter. I think that with the establishment of diplomatic relations between the ROK and China, the ROK's northern diplomacy has now been successfully finalized. It is our understanding that North Korea is now hastening establishment of diplomatic relations with Japan and the United States. Thus, Japan and North Korea are showing their active stance to establish diplomatic relations. This being the case, His Excellency President, what is your feeling on the Japan-North Korea talks for diplomatic relations, which are being held even before all problems are resolved?

[No] As I mentioned earlier, my understanding on the positions of Japan and the United States is that the issue of removing suspicions concerning North Korea's nuclear development is a precondition for their establishing diplomatic relations with North Korea. We should make efforts to have North Korea completely remove suspicions on its nuclear development at an early date. The removal of nuclear suspicions at the earliest possible date is a shortcut, or, the best way to establish such relations at the earliest possible date. I ask for your cooperation on this.

Thank you.

#### Comments on Nuclear Arms

SK2909115592 Seoul YONHAP in English 1136 GMT 29 Sep 92

[Text] Beijing, Sept. 29 (YONHAP)—President No Tae-u said here Tuesday afternoon [29 September] he expects China will play a good role in resolving the Korean question inasmuch as China is close to North Korea, too, and recognizes the need of inter-Korean reconciliation.

At a press conference held at the great hall of the people in Beijing, president No said China's position over the issue of North Korea's nuclear arms development was that it is desirable to resolve the issue through inter-Korean dialogue and cooperation instead of through any physical pressure.

"This position of China is just the same as our own," No said.

The president said, however, that international opinion is that North Korea should be prevented from developing nuclear arms by whatever means.

South Korea, he said, is persuading North Korea into translating the joint South-North denuclearization declaration into action. "We expect there would be a progress in this area in the foreseeable future," No said.

Asked how South Korea would assist North Korea if Pyongyang gives up developing nuclear arms, No said Seoul would help the North normalize relations with the U.S. and Japan.

"We will also spare no cooperation so that we could be of substantial help to the North in the area of economic assistance," president No said.

#### Issues Press Communique

OW3009020092 Beijing XINHUA in English 0129 GMT 30 Sep 92

["China-ROK Press Communique"—XINHUA headline]

[Text] Beijing, September 30 (XINHUA)—China and the Republic of Korea (ROK) issued a press communique here today, at the end of ROK President No Tae-u's four-day state visit to Beijing. The full text of the communique reads as follows:

1. At the invitation of President Yang Shangkun of the People's Republic of China, President No Tae-u of the Republic of Korea paid a state visit to China from September 27 to 30. President No Tae-u is the first ROK president to visit China. He was accorded a grand welcome and warm reception by the Chinese Government and people.

2. During the visit, President Yang Shangkun of the People's Republic of China held talks with President No Tae-u of the Republic of Korea in a friendly atmosphere. General Secretary Jiang Zemin of the Central Committee of the Communist Party of China and Premier Li Peng of the State Council met with President No Tae-u separately. During their talks and meetings, the two sides informed each other about the political and economic situation in their respective countries and discussed ways to develop further their bilateral friendly relations and cooperation. They also had an extensive exchange of views on international and regional situation.

3. Leaders of both countries spoke highly of the establishment of diplomatic relations between China and



ROK. They believed that the end to the abnormal relations between the two countries and the growth of good-neighborly and amicable relations and cooperation on the basis of the joint communique on the establishment of diplomatic relations between the two countries are in the interests of the two peoples and in conformity with the trend of the international situation. It is of great significance to peace and development in Asia and the world as a whole.

4. Leaders of the two countries expressed satisfaction over the agreements signed by the two governments in the areas of trade, investment protection, establishment of the joint commission on economic, trade and technological cooperation and scientific and technological cooperation. Both sides decided to actively carry out exchange and cooperation in the fields of economy, trade, science and technology, communication, culture and sports.

5. President No Tae-u briefed the Chinese side on ROK's positions with respect to the dialogue between the North and South of Korea, the establishment of a nuclear-free zone in the Korean peninsula and the realization of peaceful reunification. While praising the progress made in the North-South dialogue in the Korean peninsula, the Chinese leaders expressed the hope that the goals set in the joint statement on the denuclearization of the Korean peninsula would soon be realized, and reaffirmed China's support to the North and South Korea in their efforts to realize the independent and peaceful reunification of the peninsula at an early date. Leaders of both countries were of the view that the relaxation of tension in the Korean peninsula not only accords with the interests of the entire Korean people, but also contributes to peace and stability in northeast Asia and Asia as a whole. This process of relaxation should continue.

6. Leaders of both countries were of view that strengthened cooperation in northeast Asia and the Asia-Pacific region will be conducive to the development and common prosperity of the countries in the region. Both sides agreed to cooperate with each other in apec and other regional economic organizations.

7. Both the Chinese and ROK sides were convinced that the successful visit to China by President No Tae-u will further promote the development of good-neighborly relations and cooperation between the two countries.

8. President No Tae-u expressed gratitude to the Chinese side for its warm hospitality and invited President Yang Shangkun to pay a visit to the Republic of Korea at his convenience. President Yang Shangkun expressed his thanks for the invitation and accepted it with pleasure.

[Issued] Beijing, 30 September 1992

### Invites Yang Shangkun To Visit

OW3009021692 Beijing XINHUA in English 0134  
GMT 30 Sep 92

[Text] Beijing, September 30 (XINHUA)—China and the Republic of Korea (ROK) issued a press communique here today, at the end of ROK President No Tae-u's four-day state visit to Beijing, which the communique says will further the growth of good-neighborly relations of cooperation between the two countries.

During the visit, leaders of both countries spoke highly of the establishment of diplomatic ties between China and ROK, in the belief that the end to the abnormal relations and the growth of a good-neighborly, amicable, cooperative relationship on the basis of the joint communique establishing diplomatic relations are in the interests of the two peoples and in conformity with the trend of the international situation, the communique says. "It is of great significance to peace and development in Asia and the world as a whole."

With the signing of agreements covering trade, investment protection, establishment of the joint commission on economic, trade and technological cooperation and scientific and technological cooperation, both sides decided to "actively carry out exchange and cooperation in the fields of economy, trade, science and technology, communication, culture and sports," the communique says.

Both Chinese and ROK leaders hold that the relaxation of tension in the Korean peninsula not only accords with the interests of the entire Korean people, but also contributes to peace and stability in northeast Asia and Asia as a whole, saying this process of relaxation should continue, the document says.

Also, they believed that strengthened cooperation in northeast Asia and the Asia-Pacific region will be conducive to the development and common prosperity of the countries in the region. Therefore, both sides agreed to cooperate with each other in APEC [Asia-Pacific Economic Cooperation] and other regional economic organizations, according to the communique.

No invited his Chinese counterpart Yang Shangkun for a visit to ROK at his convenience, and Yang accepted the invitation with pleasure.

### Yang Shangkun on 'Successful' Visit

OW3009033892 Beijing XINHUA in English 0315  
GMT 30 Sep 92

[Text] Beijing, September 30 (XINHUA)—Chinese President Yang Shangkun and visiting President No Tae-u of the Republic of Korea (ROK) today agreed that No's three-day visit to Beijing has been "fruitful and successful".

Yang bade farewell to the ROK president and Mrs. No at the state guesthouse here this morning before the latter left here for Shanghai in the company of Li Lanqing,

chairman of the Chinese Government reception committee and minister of foreign economic relations and trade.

Yang said the problem existing between the two countries as a result of the four-decade separation had been resolved in only one month from the establishment of diplomatic relations between the two countries to No's China visit.

He expressed the hope that the relationship between the two countries will become better day by day.

No said the meetings and talks between the leaders of the two countries in Beijing will surely further promote the development of bilateral relations and cooperation.

It is his hope that President Yang will visit the ROK in the near future, he said.

No asked Yang to convey his greetings to Deng Xiaoping and wished him good health.

Yang also wished the ROK prosperity and its people happiness.

No said upon his return home, he will tell the people the warm reception that he has received during the visit.

This morning, both Yang and No attended a ceremony for signing four agreements on cooperation between the two governments.

Li Lanqing and Yi Sang-ok, foreign minister of the ROK, signed an agreement on the protection of investment and an agreement on the establishment of the joint commission on economic, trade and technological cooperation on behalf of their respective governments.

Li Lanqing also signed an agreement on trade with Han Pong-su, trade and industry minister of the ROK.

An agreement on the scientific and technological cooperation was signed between Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, and Kim Chin-hyon, science and technology minister of the ROK.

### No Arrives in Shanghai

SK3009044392 Seoul KBS-1 Radio Network in Korean  
0400 GMT 30 Sep 92

[Text] President No Tae-u, who is on a visit to China, has arrived in Shanghai. President and Mrs. No Tae-u, arriving at Shanghai Airport at 1300 Korean standard time, were greeted by Minister Ho Se-in and Huang Ju, mayor of Shanghai, and shook hands with the China-resident Koreans, who came to the airport to welcome them.

President No Tae-u is expected to attend a luncheon hosted by the mayor of Shanghai in a little while and to be briefed on the status of the Pudong development

zone. He will inspect the building that was used by the provisional Korean Government in Shanghai.

Prior to this, President No Tae-u left Beijing Airport as the Chinese officials and China-resident Koreans saw him off.

### Beijing Rejects Request To 'Pressure' DPRK

OW2909155792 Tokyo KYODO in English 1505 GMT  
29 Sep 92

[Text] Beijing, Sept. 29 KYODO—China hopes for early progress in North Korea's normalization talks with Japan and the United States, a Chinese Foreign Ministry spokesman said Tuesday [29 September].

Wu Jianmin, briefing reporters on South Korean President No Tae-u's visit to China, said that Pyongyang's normalization of diplomatic relations with Japan and the U.S. would contribute to peace and stability on the Korean Peninsula.

On a South Korean request that China pressure North Korea to accept inter-Korean inspection of nuclear facilities, Wu said that state-to-state issues should be settled through talks and that China opposes applying pressure to resolve them.

### Yang Shangkun on Relations With ROK, Japan

SK3009093992 Beijing Radio Beijing in Korean 1100  
GMT 29 Sep 92

[Text] In a news conference with Japanese NHK reporters yesterday evening, Comrade Yang Shangkun, president of our country, answered questions regarding PRC-Japan relations, the upcoming visit by the Japanese Emperor, PRC-ROK relations, and our reform and opening up.

Evaluating the present PRC-Japan relations and looking into the future of PRC-Japan relations, President Yang Shangkun noted that this year marks the 20th anniversary of the normalization of PRC-Japan relations, and that the past 20 years has proven that the friendship between China and Japan complies with the basic interests of the people of the two countries and is beneficial to peace, security, and development in the Asia-Pacific region and the rest of the world.

President Yang Shangkun said that the two countries' exchange and cooperation in various fields will constantly expand and that the people of China and Japan will be able to maintain a long and stable friendship.

Referring to the planned visit to China by the Japanese Emperor and Empress, President Yang Shangkun said that it would be an occasion to further strengthen the traditional friendship between the people of the two countries and to consolidate and develop the good neighborly friendship that has been maintained to date. He then expressed the hope that joint efforts by both China and Japan would result in a successful visit.

Referring to relations between China and the ROK, President Yang Shangkun said: The establishment of diplomatic relations between China and the ROK is conducive to improving PRC-ROK relations and to achieving peace and stability on the Korean peninsula. It will actively effect this region and beneficially affect China and Japan and PRC-Japan relations.

President Yang Shangkun re-emphasized the Chinese Government's consistent position on PRC-Japan relations.

### Science, Technology Accord With ROK Signed

SK2909040392 Seoul KBS-1 Radio Network in Korean  
0200 GMT 29 Sep 92

[Report by KBS special news team in Beijing]

[Text] A PRC-ROK [Republic of Korea] cooperative agreement on science and technology was concluded on 29 September. Therefore, a systematic device has been provided to promote joint research and scientific and technological cooperation through exchanges of scientists and technicians and technology information between the two countries under the support and guarantee of the two countries' governments.

This cooperative agreement on science and technology, which was signed today by Kim Chin-hyon, minister of science and technology, and Song Jian, Chinese vice premier and minister of the State Science and Technology Commission, stipulates that through mutual visits annually through the ROK-PRC Joint Committee on Science and Technology, both countries will discuss and promote international cooperative projects. Therefore, the two countries will be able to actively promote supplementary cooperation in mutually friendly fields and in the joint development of fields of mutual interest, including research on the Yellow Sea, life science, oriental medicine, and cultural assets. Moreover, through the G-7 plan, which is our country's leading technological development plan for the 21st century, and China's 863 high technology development plan, both countries will promote mutual participation and joint research in the fields of information, life science, energy, automation of production processes, and new materials.

Through mutual dispatches of technological investigation teams, both sides agreed to rapidly start the 38 joint research projects upon which the two countries had already agreed. To start them, 100 scientists and technicians will be mutually dispatched sometime next year.

In addition the ROK and PRC science and technology ministers discussed the problem of mutually establishing a center to promote scientific and technological cooperation. This will take shape when Song Jian, minister of the State Science and Technology Commission, visits the ROK, which is scheduled for November.

Through a meeting of the ministers last March, both sides agreed to conduct joint research in 38 fields and to

dispatch technological investigation teams within 1992. Also cooperative projects such as investigation and research of the Yellow Sea, safe technology of atomic energy, development of tidal power generation, and a project for establishing a radioactive accelerator, are currently under discussion.

### Development Zone Designated for ROK Investment

OW2709034792 Beijing XINHUA in English 0220  
GMT 27 Sep 92

[Text] Beijing, September 27 (XINHUA)—A piece of land totaling one square kilometer in the Yantai economic and technological development zone of east China's Shandong Province has been designated to accommodate investment from companies of the Republic of Korea (ROK) to develop industrial businesses.

The city has also drafted preferential policies for businessmen from the ROK to invest in the area.

Facing Korea across the sea, the Yantai development zone is regarded as one of the best coastal development regions. It has established economic and trade relations with 30 countries and regions since it was set up seven years ago.

The city has approved 179 foreign-funded projects, involving a total overseas investment of 740 million U.S. dollars.

So far, the ROK has put in 16.07 million U.S. dollars to complete 48 investment projects in the zone.

### Korea Telecom, PRC Ministry Agree on Project

SK2909142992 Seoul YONHAP in English 1156 GMT  
29 Sep 92

[Text] Beijing, Sept. 29 (YONHAP)—Korea Telecom and the China Ministry of Posts and Telecommunications agreed Tuesday to jointly lay seabed optical fiber cables to prepare for swelling communications volume between the two countries.

The agreement was made in a meeting between Yi Hae-uk, president of Korea telecom, and Zhu Gaofeng, vice minister of the Chinese ministry. Yi was in Beijing accompanying President No Tae-u.

The two officials also agreed to conclude at an early date a memorandum on telecommunications and technology cooperation between the two countries.

The memorandum would provide for joint telecommunications technology research, exchange of technological materials and information, and personnel exchanges.

Emerging from the meeting, Yi said a meeting of the two countries' experts will be held at the soonest possible date to discuss the laying of seabed cables.



"As the initial project of Korea-China telecommunications cooperation, we agreed to mutually offer international video conference service beginning Oct. 30," Yi said.

#### Article on China's 'Abandonment' of DPRK

HK3009000892 Hong Kong TANGTAI in Chinese No 18, 15 Sep 92 pp 44-45

[Article by He Po-shih (0149 0130 2457) from Beijing: "Inside Story on China's Abandonment of North Korea"]

[Text] After making eyes at each other for many years, China and South Korea have finally declared their establishment of diplomatic relations, an event which has had great repercussions in Asia.

According to a source from China's diplomatic circle, in the course of considering diplomatic relations with South Korea, the CPC hierarchy has never placed much importance on the Taiwan factor. The CPC believes that even though Taiwan is annoyed it will not change its current policies toward the mainland, because Taiwan will still keep a close watch on the mainland market, and Taiwan businessmen will continue to push forward official contacts. As for the future of Taiwan's relations with South Korea, the CPC is not worried about that. Recently, when Qian Qichen reported his work to the CPC Central Committee Foreign Affairs Group (with Li Peng as group leader), Qian said: The establishment of diplomatic relations with South Korea "kills four birds with one stone." The "four birds" are: 1) further isolating Taiwan in foreign affairs; 2) stepping up economic exchanges with South Korea; 3) Weakening the U.S. indirect grip on China through South Korea; and 4) putting an end to North Korea's endless importunity.

What most upsets the CPC in these four points is the relations with North Korea. For historical reasons, the CPC always wishes to get rid of North Korea, but it does not dare to act rashly.

#### North Korea is Insatiably Avaricious and Makes Never-Ending Demands

With the lapse of time, however, the policy has turned into a kind of dependence, and North Korea has made excessive demands in many ways. When Liu Shaoqi was president of the state, both sides even agreed that the Yalu Jiang would be "mutually administered and utilized" by the two countries. China also agreed that all the islands on the Yalu Jiang would be used by North Korea, contravening international practices on river boundaries (which consider the middle line of a river course the boundary and islands within the boundary territories of the relevant country). China has practiced the policy of reform and opening up since 1979 and, being disgusted with the frequent demands from North Korea, has wished very much to rid itself of this burden as early as

possible. Nevertheless, due to the international situation, China could not immediately tear off North Korea—the "plaster stuck on its body" [tie shen gao yao 6317 6500 5221 5522].

Throughout the 1980's, North Korea made even more demands on China. Apart from requesting material assistance, it also asked China to help train its military personnel. China not only had to send personnel to North Korea, but North Korean officers and men were sent to China to experience China's military strength.

In addition, North Korea also asked China to give it unconditional political support. For example, when a North Korean spy blasted a South Korean passenger plane, killing several hundred people and arousing an uproar in the international community a few years ago, South Korea called on the United Nations to impose sanctions upon North Korea, but North Korea asked China to refrain from declaring its stand. After that, when South Korea applied to join the United Nations alone, North Korea asked China to make known its position by pointing out that North Korea could not be forsaken. In 1986, China sent an athletic team to take part in the Asian Games in Seoul, but North Korea had a different view, hoping the latter would boycott the games. When this request was tactfully declined, North Korea went as far as to lay a bomb in Kimpo Airport. When the Olympic Games were held in Seoul in 1988, China again participated. Seeing that it was impossible to prevent others from taking part, North Korea thought of another trick, proposing to hold an international youth festival in 1989 with a scope similar to that of the Olympic Games, and requesting sponsorship from various countries in the "big socialist family." Although providing nominal financial assistance was no problem, North Korea wanted to take the opportunity to fawn on others in an attempt to fish for improper gains. It asked China for large quantities of rolled steel and asked the Eastern European countries to provide grain, livestock, and other materials. By sponsoring the fine-sounding "International Youth Festival," North Korea in fact wanted to ask for materials from other countries and, according to a calculation at that time, the total value of the materials were actually equal to two years of basic material demand in North Korea.

#### China Granted Free Assistance to North Korea in a Disguised Form

Confronted with this situation, China had no choice but to carefully seek countermeasures. On one hand, China carefully developed its relations with South Korea, and some activities were even carried out in secret. On the other, China has tried by every possible means to get rid of North Korea's importunity, using the method of "pushing away while coaxing."

An insider has revealed that the principal methods which the CPC used are as follows:

I. Continue to apply the method of providing economic aid in exchange for stability, but try to incrementally

reduce the quantity of aid within the smallest possible scope. For example, barter and border trade have been conducted between China and North Korea for a long time but, when we look at specific operations, we see that they are very different from actual trade. There are as many as 76 categories of materials supplied by China to North Korea, while North Korea only supplies China with some varieties of fish caught in the Yalu Jiang and a few inexpensive arts and crafts. In terms of comparable currency value, they are beyond compare, as China has for some time been in a condition which can almost be considered giving aid without compensation. Today there is a continuous stream of China's rice, grain, and cloth pouring into North Korea from Dandong City every day.

Moreover, a triangle of trade between China, North Korea, and the former Soviet Union has been in place since the 1980's, which, in effect, is another form of indirect Chinese assistance to North Korea. As China itself lacked machines, timber, and heavy industrial materials, it was unable to satisfy North Korea's frequent demands, therefore, China transferred some of the materials exchanged with the Soviet Union directly to North Korea. These materials, which were originally to be used by China, thus unconditionally fell into the hands of North Korea. By using this method, the CPC hoped that it could prevent North Korea from losing its reason. According to an insider, this method will continue to be used for some time to come.

#### **Kim Il-song Wants Deng Xiaoping To Meet Him at the Station**

II. Superficially, China will continue to support North Korea politically. For example, after the 4 June Incident and the tremendous changes in the Soviet Union and Eastern Europe, the CPC's propaganda departments often stressed that the remaining socialist countries should give mutual support and step up contacts with North Korea. Senior CPC officials also endorsed this proposition, but, when concrete interests are involved, China will graciously refuse on purpose.

III. China will give high appraisal and fame to Chairman Kim Il-song so that he does not dare to willfully disrupt relations with China. For example, every time Kim Il-song visited China, he was unwilling to take a plane, and asked to come to Beijing by train. What has disgusted the people the most is that, every time he came, he would ask Chinese leaders to meet him at the railway station, (once he even directly asked Deng Xiaoping to meet him at the station)—even though some of his requests were no longer in keeping with the revised etiquette toward foreign guests, (such as the ceremony of welcoming foreign guests, which is held at the Great Hall of the People rather than at the airport or other places).

#### **The CPC Takes Precautions Against North Korea's Terrorist Activities**

IV. Apart from the abovementioned methods, China also noted the changes in the situation of the north-eastern Asian region in recent years. Particularly after the disintegration of the Soviet Union, China no longer had to fear that North Korea would throw in its lot with the Soviet Union. Hence, China has gradually adopted a relatively hard-line attitude toward North Korea. For example, during his recent visit to North Korea, Yang Shangkun flatly but tactfully turned down some of its demands, including military training, and some of the secret loans to be retained. On the other hand, China is not afraid of making its relations with South Korea known, and wishes to free itself systematically from the burden of North Korea.

An official from China's Foreign Ministry said in private: China believes that, even though North Korea is extremely dissatisfied with China's behavior, it does not dare take any action, because it has no backing at all now. The only thing China worries about is whether North Korea will take an extreme retaliatory action because of the normalization of diplomatic ties between China and South Korea. Therefore, China sent officials to Pyongyang to explain the current establishment of diplomatic relations to the North Korean hierarchy in the hope of removing North Korea's dissatisfaction in an obvious way, but China will also be on guard against suffering losses. China's intelligence departments have a thorough understanding of the North Korean organizations engaged in terrorist activities, and the CPC will certainly take preventive measures to face this situation. According to a source from Beijing, when discussing the issue of relations between North and South Korea recently, Li Peng, among others, complained about the previous CPC leadership's agreement to sharing the administration and utilization of the Yalu Jiang with North Korea.

#### **Qian Qichen Speaks at Japanese Envoy's Reception**

*OW2909140692 Beijing XINHUA in English 1326 GMT 29 Sep 92*

[Text] Beijing, September 29 (XINHUA)—Qian Qichen, Chinese state councillor and foreign minister, said today the friendly exchanges between China and Japan in various fields, including economics, science, technology and culture, have reached the highest level in history.

The foreign minister made the comment at a reception hosted by the Japanese ambassador to China, Hiroshi Hashimoto, to mark the 20th anniversary of the normalization of Sino-Japanese diplomatic ties.

Qian said Sino-Japanese relations in various fields have made great progress since the normalization of the diplomatic relations.



"The two decades proves that the normalization of the diplomatic relations is in the fundamental interests of the two peoples, and has made positive contributions to peace, stability and development in the Asia-Pacific region and in the world as a whole," said Qian.

He said that to develop long-term and stable friendly relations between China and Japan on the basis of the Sino-Japanese Joint Communiqué and Sino-Japanese Treaty of Peace and Friendship has become a common understanding of the two countries.

"This embodies the great importance the two sides have attached to the development of bilateral relations and has become a reliable guarantee for the continuous development of Sino-Japanese relations," the minister said.

The coming visit to China by the Japanese emperor and empress is an event of great significance in the history of bilateral relations, Qian said.

"The Chinese side is willing to make concerted efforts with the Japanese side to make the visit a success and strengthen the traditional friendship between the two peoples to promote good neighbor friendly relations to a new level," said Qian.

Hiroshi Hashimoto said that in the past two decades, China and Japan have made true progress in exchanges in the fields of politics, economics, culture and personnel.

The development of bilateral relations in such a way has played a great role in peace and prosperity in Asia and in the world as a whole, said the ambassador.

"It is the mission of our generation to pass on our thinking to the young generation to ensure the friendship between the two countries generation after generation," said the ambassador.

He read a message of congratulation from the Japanese prime minister at the reception.

Present at the reception were over 200 people who have made contributions to the normalization of Sino-Japanese diplomatic ties.

#### **Jiang Zemin Meets Japanese Delegation**

OW2909211692 Beijing XINHUA in English 1332  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin met here today with a Japanese delegation, on the fourth mission of the "Great Wall Program", which aims to promote primarily exchanges between Chinese and Japanese youths.

Jiang, referring to this year's 20th anniversary of normalizing of Sino-Japanese diplomatic ties, said bilateral relations have gained rapid expansion in the past two decades.

He expressed the hope that the Chinese and Japanese youths will work jointly toward the promotion of Sino-Japanese ties, through extensive exchanges and enhancement of mutual understanding.

The mission, led by Kazuo Aichi, member of the House of Representatives of the Japanese Diet, arrived here yesterday as guests of the All-China Youth Federation and the Sino-Japanese Youth Exchange Center.

The 10-year-long "Great Wall Program," initiated by former Japanese Prime Minister Noboru Takeshita, has promoted the friendship between Chinese and Japanese youths and the two peoples in general since it was put into practice in 1989, sources said.

#### **Li Tieying, Ding Guangen Attend Japanese Soiree**

OW2509055792 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 24 Sep 92

[From the "National News Hookup"]

[Text] Radio and television circles in China and Japan jointly sponsored a large-scale musical and art soiree in Beijing last night. Li Tieying, Ding Guangen, and others attended the soiree. More than 200 Chinese and Japanese artists performed laser audio and video music, a historic fashion show, and an orchestral performance.

#### **Zhu Rongji Meets Former Japanese Minister**

OW2909212392 Beijing XINHUA in English 1236  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with former Japanese Foreign Minister Zentaro Kozaka and his party at the Great Hall of the People here this afternoon.

Kozaka and his party came here to participate in celebration activities of the 20th anniversary of normalization between China and Japan, and they will also visit Chongqing, Yichang, Wuhan and Shanghai.

The Japanese visitors arrived here September 26 as guests of the Chinese People's Institute of Foreign Affairs.

#### **Wu Xueqian Meets Japanese Businessman**

OW2909112592 Beijing XINHUA in English 1053  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Wu Xueqian, vice-premier of the State Council, met Gaku Ryusaburo, president of Japan's Canon Company, and other company representatives at the Beijing arts and crafts museum here this morning.

President Ryusaburo and his company came here specially to attend an exhibition of photos by 20 noted Chinese and Japanese photographers, jointly sponsored by Canon and the China Contemporary Photographic Society. The exhibition is one of the activities held to

mark the 20th anniversary of the normalization of diplomatic relations between China and Japan.

While visiting the museum, Vice-Premier Wu said that the exhibition is significant in strengthening the cultural exchange between China and Japan and promoting Sino-Japanese friendship.

Vice-Premier Wu greatly appreciated the business cooperation between the Canon Company and Chinese firms and expressed his hope that such cooperation will be further promoted.

Wu also asked Mr. Takashi Murai, member of the Executive Council of the Japan-China Friendship Association, to convey his regards to Mr. Masayoshi Ito, president of the commemorative committee of the 20th anniversary of the normalization of diplomatic relations between Japan and China.

Present at the meeting were Huang Hua, member of the Standing Committee of the Central Advisory Commission, Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and other officials.

#### **Hainan Secretary Meets Japanese Delegation**

*HK2409100292 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 17 Sep 92*

[Excerpt] A (Binku) Prefecture goodwill delegation and a (Binku) citizens exchange group from Japan, headed by (Bingyuan Junming) and totaling 200 people, arrived in Haikou by plane for a three-day visit to Hainan yesterday morning. Bao Keming, provincial party committee standing committee member and executive vice governor, greeted them at the airport.

Governor Liu Jianfeng received the Japanese guests at the Xining Mansion at 0900. Governor Liu, on behalf of the provincial government and the Hainan people and in his own capacity as governor, expressed a warm welcome to Magistrate (Bingyuan) and his party in a cordial and friendly atmosphere.

Governor Liu said: This year marks the 20th anniversary of establishing diplomatic ties between China and Japan and the second anniversary of establishment of friendly ties between Hainan Province and (Binku) Prefecture. The fact that we are gathering together to chat like members of the same family on this occasion is of special far-reaching significance. Over the last two years, encouraged by the common aspirations of the Chinese and Japanese people to be friendly to each other generation after generation, the friendship between Hainan and (Binku) people, through the two sides' efforts, have born rich fruits. The exchanges between the two sides in economic, trade, tourism, scientific, technological, and other fields become more and more frequent. Hainan held an China Hainan exhibition in Kobe in October last year. This year Hainan sent postgraduate students to (Binku) to do research [words indistinct]. All this shows

that our exchanges and cooperation in the economic and cultural fields enjoy broad prospects.

Governor Liu briefed the Japanese guests on infrastructural development at Hainan's airport and ports and said he hoped entrepreneurs in (Binku) would invest in Hainan.

Deng Hongxun, provincial party committee secretary and provincial people's congress chairman, and Pan Qiongxiong, provincial people's congress vice chairman, met with Magistrate (Bingyuan) and his party at 1100.

Secretary Deng gave the guests an account of Hainan's geographical conditions and natural resources. He also told them about development in foreign and domestic investment, tourism, and other things since Hainan ran the grand special economic zone.

Deng Hongxun said: Your current visit increases the friendly contacts between Hainan and (Binku) people and is of far-reaching significance for exchanges between the two sides in economic, educational, tourism, and other fields. He sincerely hoped that the visiting guests, apart from [words indistinct], will not only bring with them (Binku) people's profound sentiment of friendship for Hainan people, but will also take home Hainan people's friendship for the Japanese people so that the friendly relationship between the two sides will constantly intensify. [passage omitted]

#### **10,000 Personnel Trained in Japan Since 1985**

*OW2509150692 Beijing XINHUA in English 1424 GMT 25 Sep 92*

[Text] Beijing, September 25 (XINHUA)—Nearly 10,000 Chinese scholars and technicians have studied or been trained since 1985 in eight Japanese organizations including the Japan-China Science and Culture Center.

To thank these Japanese organizations, the office of the leading group under the State Council for Importing Information and other seven Chinese institutions gave a reception in the Great Hall of the People here tonight in honor of some 100 Japanese visitors from the eight organizations who have come specially for the occasion.

Among those present were Yan Jici, vice-chairman of the Standing Committee of the National People's Congress, Zhang Jingfu, a Standing Committee member of the Central Advisory Commission of the Chinese Communist Party and president of the China Association for International Personnel Exchange, Luo Gan, secretary general of the state council and head of the leading group under the State Council for Importing Information, and Saburo Toida, member of the Japanese House of Representatives and president of the Japan-China Science and Culture Center.

They greeted each other on the remarkable successes in personnel exchange between the two countries.

## Southeast Asia & Pacific

### Singapore's Lee Kuan Yew Meets With Li Peng

OW2909211892 Beijing XINHUA in English 1439  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Chinese Premier Li Peng met here today with Singapore's senior minister Lee Kuan Yew and other participants from overseas at an ongoing international economic forum.

The forum, sponsored by the China International Trust and Investment Corporation (CITIC), began earlier today. It will focus on the subject of "Facing the 21st Century: Prospects for Economic Co-operation and Development in the Asian-Pacific Region and the World as a Whole".

Forty-two scholars and experts from 15 countries and regions will discuss issues concerning the subject along with some 20 Chinese participants from state departments and enterprises.

During today's meeting, Li said it is very good that so many noted economists, entrepreneurs and financial experts have gathered in Beijing to discuss China's economic and trade ties with other countries in the world.

Li said that economic construction is the central task for China. He told the guests that China is now deepening reform and opening wider to the outside world so as to speed up economic development. He explained that this is based on senior leader Deng Xiaoping's idea of constructing a socialism with Chinese characteristics.

He expressed the belief that China's economic and trade links with the world will continue to increase with the development of China's economy.

He added that China positively welcomes governments and enterprises of foreign countries to exchange and cooperate with China in the areas of funds, technology and trade.

Prior to the meeting, Li met with Lee Kuan Yew and Singaporean Deputy Prime Minister Ong Teng Cheong on separate occasions.

According to a Chinese official, the two sides expressed their satisfaction with the development of Sino-Singaporean relations over the recent years and wished a further growth of such a relationship.

They also discussed issues concerning finance and banking, enterprise management, and economic growth rates.

### Meets Yang Shangkun

OW2909212092 Beijing XINHUA in English 1416  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Chinese President Yang Shangkun met with Lee Kuan Yew, senior minister of Singapore, here this afternoon.

According to Chinese sources, Yang said that Lee is an old friend of the Chinese people and is welcome to visit China.

The president briefed the guest on China's economic development, saying that China has made big progress in its economic construction, and will continuously expand its reform and opening to the outside world. China's economic development will be even faster than before, he added.

Lee expressed his appreciation of the progress in China's reform and opening. The senior minister said he believed that China will have a bright future in its development.

He also spoke highly of the significance of China's development, saying that its economic progress will promote and strengthen regional cooperation.

Both had a conversation on regional and international issues.

Ni Zhifu, vice-chairman of China's National People's Congress Standing Committee and president of the all-China Federation of Trade Unions, met with Ong Teng Cheong, secretary-general of the National Trade Union Congress (NTUC), and a NTUC delegation led by Deputy Secretary-General Sia Khoon Seong.

Ni and Ong had a friendly conversation on strengthening friendly cooperative relations between the two sides.

Following the meeting, the two sides signed an agreement on friendly cooperation.

### Chen Muhua Meets Singaporean Women's Delegation

OW2909212492 Beijing XINHUA in English 1307  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Chen Muhua, vice-chairperson of the Standing Committee of the Chinese National People's Congress and chairwoman of the All-China Women's Federation (ACWF), met a Singaporean women's delegation at the Great Hall of the People here today.

In joint talks Chen and members of the delegation agreed to strengthen the exchanges and cooperation between the women of the two countries.

The delegation, headed by the Chairwoman of the Singapore Council for Women's Organizations, Mrs. Anamah Tan, arrived here yesterday at the invitation of

the ACWF. During its 10-day stay in China, the delegation will travel to Shanghai, Hangzhou and Guangzhou.

#### 'News Analysis' on Return of Subic Naval Base

OW3009080992 Beijing XINHUA in English 0713  
GMT 30 Sep 92

["News Analysis" by Xie Peilin: "Manila Cuts U.S. Colonial Umbilical Cord"]

[Text] Manila, September 30 (XINHUA)—The Philippines today retrieved Subic Naval Base, heralding the end of a century-old U.S. colonial stink in the country and marking an epoch of new Philippine-U.S. ties on an equal footing.

While turning over Subic to the Philippines today, the United States will retain Cubi Point Air Station within the base for its 1,400 remaining troops up to November 24.

The closing of U.S. military bases in the country "is not the end of friendly relations, we just entered a new phase," President Fidel Ramos said two days ago.

On his part, U.S. Ambassador to the Philippines Richard Solomon assured that Washington does not harbor "a punitive attitude" toward Manila and both countries will focus on "trade, not aid" in their future bilateral relations.

The turn-over of Subic, the largest and last U.S. military base in the Philippines, came after the Philippine Senate rejected on September 16, 1991 a new basing treaty which granted U.S. continued use of Subic for 10 more years at an annual compensation of 203 million U.S. dollars.

At its height, the 25,000-hectare Subic Naval Base was an American city-land in the Philippines where over 15,000 U.S. servicemen and dependents enjoyed their extraterritoriality.

Albeit Manila echoed its anti-nuclear sentiment, Washington kept mum on its storage of nuclear weapons in its warships anchored in the Subic Bay and resorted to its stick-and-carrot policy.

In 1987, the United States pledged to provide the Philippines with 1 billion U.S. dollars in five years, namely 200 million dollars every year. Yet, the Philippines received only 160 million dollars in 1990 and only 70 million in 1991 due to then apparent rejection of the new treaty by the Philippine Senate.

Ordered in last December to withdraw its forces within one year, the United States promptly "revealed" alleged assassination plots by then Foreign Secretary Raul Manglapus against "political rivals", raided [as received] Manila for its human rights violation and copyright violations, cut its imports of tuna from Manila, and reduced Manila's sugar quota to U.S. market successively.

With U.S. military presence in the country since 1898, Filipinos had never elected their presidents without U.S. influence, said Joseph Estrada, then presidential candidate in early 1992, who cried for the Americans to show mercy and let Filipinos themselves elect their own presidents.

Aiming to stand independently, the Philippine military is moving towards its 10-year modernization program at the cost of 7 billion U.S. dollars, and the Subic conversion authorities headed by Olongapo Mayor Richard Gordon scheduled to convert the base into a commercial complex and free port.

#### 'Roundup' on Subic Base

OW3009113492 Beijing XINHUA in English 1052  
GMT 30 Sep 92

[Roundup by Xiong Changyi: "U.S. Turns Over Subic Base to Philippines"]

[Text] Subic Naval Base, the Philippines, September 30 (XINHUA)—The United States today turned over the Subic Naval Base to the Philippines, thus ending an era of special relations between the two countries.

The Subic Bay metropolitan authority headed by Mayor Richard Gordon of Olongapo City has now gained the control of the area.

A brief turnover ceremony was held at the Subic Naval Base this afternoon.

The ceremony was attended by U.S. Ambassador Richard Solomon and Rear Adm. Thomas Mercer, commander of U.S. naval forces in the Philippines, on the U.S. side, and Mayor Gordon representing the Philippines.

The U.S. ambassador said that this historic occasion marked "the end of an area for Subic Bay—indeed, the end of an era in world politics—and the beginning of a new phase in U.S.-Philippine relations."

In his speech, the mayor indicated that the turnover of the Subic base to the Philippines has opened a new chapter in Philippine-U.S. relations based on economic and commercial ties, not on military aid.

The Philippines is determined to turn the Subic Bay into a commercial and free trade port, he added.

Meanwhile, President Fidel Ramos said in a written statement that "today marks the beginning of a new challenge to transform Subic Bay metropolitan area into a shining testimony of our capabilities by making it a springboard for our economic take-off."

"Our response to the Subic Bay challenge sets the tone for a new level of Philippine-American relations based on broader economic and commercial ties, but still anchored on mutuality of interests," he added.



He said, "I am confident that this development, set against a backdrop of shared history, will serve to further strengthen our continued friendship."

The Subic Naval Base, located in Olongapo City of Zambales Province, some 80 km northwest of Manila, covers an area of more than 9,300 sq km in addition to a water area of 10,500 hectares.

Subic is the U.S. Navy's main supply and repair facility for some 80 vessels and more than 550 aircraft in the western Pacific. With four floating and dry docks, it can accommodate various types of vessels and submarines.

Its 48-sq-km depot may keep about 100,000 cubic meters of ammunition, and about 50 percent of the fuel oil and 80 percent of the strategic raw materials for the U.S. forces in East Asia are shipped through the sea lanes where the Subic fleet ply.

The Marines have their jungle tactics training in Subic's forested hills and surveillance planes can take off from the Cubi Point Naval Air Station in the base to monitor the sea lanes.

The U.S. withdrawal is a result of the Philippine Senate's decision not to adopt any new agreement to allow a continued American military presence on Philippine soil.

According to schedule, the remaining 1,400 U.S. troops will be confined to the Cubi Point Air Station within the Subic Bay, which is set to be handed over to the Philippines on November 24.

#### **Ding Guangen Meets Vietnamese Delegation**

OW2909141892 Beijing XINHUA in English 1331  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Ding Guangen, alternate member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met here today with a Vietnamese delegation led by Nguyen Pyu Trong, editor-in-chief of "COMMUNISM," a national theoretical journal in Vietnam.

The delegation from "COMMUNISM," which is run by the Vietnamese Communist Party, arrived in China last Sunday at the invitation of its Chinese counterpart, "QIUSHI," also a monthly party journal.

During the meeting, also attended by editor-in-chief of "QIUSHI" You Lin and Vietnamese Ambassador to China Dang Nghiem Hoanh, the two sides agreed to strengthen the exchanges and cooperation between the two party journals, so as to help expand the Sino-Vietnamese relations.

During its stay in China, the delegation will also visit Tianjin, Shanghai, Guangzhou and Shenzhen.

#### **Qiao Shi Meets Malaysian Top Prosecutor**

OW2909211592 Beijing XINHUA in English 1343  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—A senior Chinese leader today said China and Malaysia should work together for the peace, prosperity and development of the Asia-Pacific region.

Qiao Shi, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, made the remarks in meeting this afternoon with a delegation from the Malaysian prosecuting department, which is led by Attorney-General Tan Sri Abu Talib Othman.

While China is concentrating on reform, opening, and economic development, it is also striving to promote democracy and strengthen its legal system, Qiao said. In this process China needs to have exchanges and cooperation with foreign countries.

China is willing to further friendly cooperation with Malaysia in the political, economic, cultural and judicial fields, Qiao said.

Othman expressed admiration for China's reform and open policies, its efforts to strengthen the legal system and to seek regional stability, peace and development.

Qiao, noting that both China and Malaysia are Asia-Pacific nations, said they should jointly seek regional peace and prosperity. Othman said Malaysia shared this view.

Referring to the coming 14th National Congress of the Chinese Communist Party, Qiao said, "we believe the congress will further rally the whole party and nation, and boost reform, opening and economic construction, thus laying a solid foundation for China's development in the 21st century."

#### **'Significance' of Australian Cooperation Viewed**

OW3009040292 Beijing XINHUA in English 1438  
GMT 29 Sep 92

[Text] Brisbane, Australia, September 29 (XINHUA)—A senior Chinese official said here today that the set-up of long-term, stable and friendly relations of cooperation between China and Australia "is of significance to peace and development in the Asia-Pacific region."

Yu Xiaosong, vice minister of the State Economic and Trade Office, made these remarks at a "China trade seminar" held in Brisbane, Australia's third largest city, today.

Yu told the seminar that Australia, rich in natural resources, has developed industries, while China has relatively complete system of all kinds of industries and resources are under development.

"The two economies are very complementary to each other," he said.

According to Yu, the total trade volume between the two countries registered a record high of 2.11 billion U.S. dollars in 1991, or 24 times as much as that of 1972 when the two countries established diplomatic relations.

In the first seven months this year, the two way trade stood at 1.064 billion U.S. dollars.

With the further development of China's economy, Yu said, China will continue and expand its imports of Australian raw materials such as iron ore, coking coal, wool, steel and chemical fertilizer as long as their prices are reasonable.

He said that in recent years, China and Australia have made direct investment in each other's country in the forms of equity joint venture, contractual joint venture and wholly owned-enterprises, and some projects have reaped very good economic returns.

It was disclosed that there are about 190 Australian-funded enterprises in China with total committed Australian capital of 329 million U.S. dollars, while in Australia, there are over 60 Chinese-funded non-trade enterprises of various kinds with total Chinese committed investment of 320 million U.S. dollars.

All the figures "indicate that bilateral economic and trade cooperation is developing both in range and depth," the Chinese official said.

He said that China's market has a great potential and the programs, measures and actions taken by China are favorable to the bilateral and multilateral economic and trade activities involving both China and Australia.

He expressed the hope that the Australian business community would take advantage of the opportunity to give full play to their abilities in the Chinese market.

### West Europe

#### Zhu Rongji Meets Former British Prime Minister

OW3009075292 Beijing XINHUA in English 0635  
GMT 30 Sep 92

[Text] Beijing, September 30 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with former British Prime Minister Edward Heath here today.

Heath has been here on a visit as guest of the Chinese People's Institute of Foreign Affairs.

#### Jiang Zemin Meets With Italian Senator

OW3009035192 Beijing XINHUA in English 0318  
GMT 30 Sep 92

[Text] Beijing, September 30 (XINHUA)—Jiang Zemin, general secretary of the Communist Party of China

(CPC) Central Committee, met with Italian Senator Vittorino Colombo and his party here today.

This is the third meeting between Jiang and Colombo, who is also chairman of the Italy-China Association for Economic and Cultural Exchanges and former president of the Italian Senate. The two met in 1986 and 1990.

During today's meeting, Jiang thanked Colombo's association for its effort in promoting the friendly relations and mutual understanding between the two countries and the two peoples.

Colombo and his party arrived here September 27 at the invitation of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC).

CPAFFC President Han Xu and Italian Ambassador to China Oliviero Rossi were present at the meeting.

#### Wan Li Meets IPC's Michael Marshall 29 Sep

OW2909151192 Beijing XINHUA in English 1318  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—Wan Li, chairman of China's National People's Congress (NPC) Standing Committee, met with Sir Michael Marshall, president of the Inter-Parliamentary Council (IPC), at the Great Hall of the People here this afternoon.

During the meeting, both sides had a friendly conversation on contacts between the NPC and the IPC and British Parliament. Wan expressed the hope that the IPC would make contributions to the mutual understanding between the peoples of all countries and common development.

Wan said, each country, no matter whether it is big or small, should have an equal say on the international forum.

He also said that members of the IPC would visit China so as to strengthen mutual understanding and friendship.

Marshall, also a member of the British Parliament from the Conservative and Unionist Party, praised the NPC for its role in the IPC, saying that the IPC attaches great importance to the development of the NPC.

On the Hong Kong issue, Wan hoped that the Chinese and British sides would conduct close consultations and cooperation so as to realize the smooth transfer of Hong Kong in 1997. He said that to maintain and strengthen Hong Kong's prosperity and stability will accord to the common interests of the Chinese and British peoples.

#### Friendship Association Set Up With Turkey

OW3009035292 Beijing XINHUA in English 1249  
GMT 29 Sep 92

[Text] Beijing, September 29 (XINHUA)—The Sino-Turkish Friendship Association was officially set up here this afternoon.

Ismail Amat, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, was elected chairman of the association.

The Chinese People's Association for Friendship With Foreign Countries and the Sino-Turkish Friendship Association hosted a cocktail party to celebrate its establishment.

Among those present at the reception were Chinese Vice-Foreign Minister Yang Fuchang, president of the Chinese People's Association for Friendship With Foreign Countries Han Xu, Turkish Ambassador to China Resat Arim and visiting Turkish Under-Secretary of the Ministry of Foreign Affairs Ozdem Samberk.

#### **Judicial Agreement Signed With Turkey**

*TA3009085292 Ankara Turkiye Radyolari Network in Turkish 2100 GMT 29 Sep 92*

[Text] Turkey and the PRC have signed an agreement in Beijing envisioning judicial co-operation in the legal, trade, and crime fields. Official talks between the Turkish and PRC delegations headed respectively by Ambassador Ozdem Samberk, Foreign Ministry under secretary, who is on an official visit to the PRC, and Yang Fuchang, PRC vice foreign minister, have concluded in Beijing. According to a Foreign Ministry statement, all aspects of bilateral relations were discussed at the meeting. Furthermore, views were also exchanged on international and regional problems. A mutual judicial aid agreement on legal, trade, and crime matters was signed at the end of the official talks.

Samberk was also received by PRC Foreign Minister Qian Qichen. Qian invited Foreign Minister Hikmet Cetin to visit the PRC. Meanwhile, the PRC-Turkish Friendship Association was officially inaugurated.

#### **Shanghai, Hamburg Sign Agreement on Cooperation**

*HK3009030892 Beijing ZHONGGUO XINWEN SHE in Chinese 1430 GMT 21 Sep 92*

[By reporter Wen Xiang (2429 4382)]

[Text] Shanghai, 21 Sep (ZHONGGUO XINWEN SHE)—On the occasion of the 20th founding anniversary of Chinese-German diplomatic relations, Shanghai and Germany's Hamburg—two famous port cities, one in the East and the other in the West—signed an agreement in Shanghai tonight on friendly exchanges and cooperation.

Shanghai Mayor Huang Ju and Hamburg Governor (Fushen) [fu she fen 4395 5287 5358] signed a memorandum on behalf of their respective governments.

Hamburg is the biggest industrial port city in Germany and its tertiary industry is also quite developed. It has many similarities with Shanghai. In May 1986, then Shanghai Mayor Jiang Zemin led a delegation to Hamburg, thus formally establishing friendly city relations. In the

years since then, the two cities have conducted a wide range of successful exchanges in the fields of urban construction, judicial work, culture, education, and sports.

According to the agreement signed tonight for exchange over the next two years, relations between the two cities' industrial circles will become closer. Hamburg and Shanghai will further support the economic, trade, and other vocational activities of the Hamburg branch of the Shanghai Overseas Company, the Hamburg office of the Shanghai Trust and Investment Company, and a Hamburg office in Shanghai. The two cities will carry out 26 kinds of exchanges and cooperation in the six fields of port and urban communications, making television programs, reporters' mutual interviews, education, sports, and judicial work.

Prior to the signing of the memorandum, leaders of the two cities met in the New Jinjiang Hotel. When briefing his counterpart on Shanghai's and Pudong's development, Huang Ju said that, in accordance with the central authorities' intention, Shanghai is striving to build the city into a financial and trade center up to international standards within 20 years. Now the development of Shanghai's Pudong area has entered a fast development period. The construction of 10 basic facilities projects in the New Pudong District, with an investment of \$14 billion, will be completed in three years instead five as originally planned. Now that Shanghai is opening up to the world in an omnidirectional manner, we urge entrepreneurs from countries around the world to invest in Shanghai.

#### **Credit Suisse Zurich Opens Shanghai Office**

*OW3009032992 Beijing XINHUA in English 0305 GMT 30 Sep 92*

[Text] Shanghai, September 30 (XINHUA)—The Shanghai representative office of the Credit Suisse Zurich, a Swiss bank, became operational Monday in Shanghai, the biggest industrial city in China.

This is the second office of the bank opened in China, the first one being in Beijing, the Chinese capital.

At an opening ceremony, Dr. Hu Doerig [name as received], member of the executive board of the Credit Suisse Zurich, extended "special appreciation to the People's Bank of China that has granted an approval for our outlet in this magnificent city within six weeks after the respective application had been filed."

He said that "such professional standards have been set that form a challenge to any central bank throughout the world".

He said that he was impressed by the assistance and help from institutions such as the Shanghai Industry and Commerce Bureau, the Shanghai Tax Bureau, the Shanghai Public Security Bureau as well as the Shanghai Customs which have been instrumental in ensuring a highly efficient completion of all the necessary formalities and preparations.

### Political & Social

#### 'Reliable' Source Previews 14th CPC Congress

OW3009132792 Tokyo NHK General Television  
Network in Japanese 1000 GMT 30 Sep 92

[Text] The 14th CPC Congress, scheduled to be held next month, will establish a new post-Deng Xiaoping leadership in China by retaining General Secretary Jiang Zemin and Premier Li Peng, and appointing many reformist leaders to key posts. This has been disclosed by a reliable Chinese source to NHK's Beijing Bureau.

According to the same source, it has been almost decided to hold the 14th CPC Congress for one week from 12 to 18 October. Regarding the leadership reshuffle which has been a focus of attention, the congress will decide to retain General Secretary Jiang Zemin and Premier Li Peng, and appoint Deputy Premier Zhu Rongji and many other reformist leaders in the Tibet Autonomous Region and Sichuan Province as members of the Political Bureau and the Standing Committee of the bureau. This leadership shakeup is designed to establish a new CPC leadership to be led by reformist leaders in order for China to continually pursue the reform and open-door policies after the death of Chinese paramount leader Deng Xiaoping, who is now 88 year old. In line with this leadership reshuffle, many of the other reformist leaders are expected to be gradually appointed to key state and government posts.

The 14th CPC Congress will decide on the introduction of a market economy and a highly capitalistic economic policy, and will announce plans to reform government organizations. It seems likely that the upcoming 14th CPC Congress will be a historic session for setting China's post-Deng future.

#### Journal Views Inner-Party Struggle

HK3009085092 Hong Kong CHENG MING in Chinese  
No 180, 1 Oct 92 pp 6-8

[Article by staff reporters Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "Deng, Chen Are Pitted Against Each Other on Eve of 14th CPC National Congress"]

[Text] The Beijing weather is cool in September. However, the temperature at the top of the pyramid which exercises control over the whole country is high. "Fierce battles" between various factions have continued there on the eve of the 14th party congress. A series of queries, interrogations, debates, and controversies have been conducted on subjects from personnel issues to market economy and from structural readjustment to the party line.

#### Unusual Moves By Top CPC Power Center

There have been a series of unusual moves by the top CPC power center in August and September, which are manifested in:

- In early August, Deng Xiaoping met with a large number of local party and government heads in Beidaihe.
- On 17 and 18 August, the CPC held its Political Bureau Enlarged Meeting.
- In late August, the Central Advisory Commission held two meetings: One in Beidaihe, which was chaired by Bo Yibo, and the other the 24 August Central Advisory Commission Enlarged Meeting chaired by Chen Yun when he returned to Beijing from Hangzhou. The "10-Point Opinions and Proposals" was made at the meeting.
- On the evening of 4 and 5 September, Jiang Zemin and Peng Zhen presided over an enlarged meeting of the Political Bureau, which was proposed by Peng Zhen and Bo Yibo.

#### Intense Struggles Between Deng, Chen Factions

The frequent meetings held by the top levels, a rare practice in the past, indicates the intense struggle between the Deng and Chen factions.

It has been reported that Chen Yun, who seldom attended meetings of the Central Advisory Commission, returned to Beijing from Hangzhou on 22 August and convened the enlarged meeting of the Central Advisory Commission on 24 August. The meeting, which was presided over by Chen Yun, Bo Yibo, and Song Renqiong, made the "10-Point Opinions and Proposals" for the drafting of the 14th Party Congress Work Report and the current situation:

#### Central Advisory Commission's 10-Point Opinions to the 14th CPC Congress

1. The Central Advisory Commission can be disbanded, extended for another term, or changed to the Central Advisory Group. As the commission was established in accordance with the needs of work and environment, its disbandment and change should also be determined according to the needs of the internal and external environment and situation. An adviser appointment system should be established at the central, local, and ministerial levels in light of the actual needs.
2. The term "socialist market economy" is unscientific and unrealistic. The establishment of the "socialist market economy" should be backed by theoretical grounds and correct theories should be repeatedly demonstrated in practice.
3. Despite the initial and marked development, reform and opening up have also produced problems, including serious ones. A lack of rational and realistic summary of reform and opening, and even opposition to a summary, has resulted in a piling up of problems which could be overcome and resolved. Some have become new and sharp problems.



#### **"High Growth Rate" Is "Unrealistic"**

4. Regarding the growth of development and construction, a high growth is usually unscientific and unrealistic. Only those with the conditions and those capable of creating such conditions can increase their growth. A high growth rate with poor efficiency is destructive. This is a long-standing problem of our party in construction.

5. A set of standardized measures are required for the establishment of a joint-stock system and securities market. Above all, it is necessary to conduct experiments properly in two or three mature places with solid foundations. All places now want to try out the joint-stock system just to make money. This is a manifestation of hotheadedness and a lack of economic and financial knowledge. It is also the "leftist" manifestation in the leadership's guiding ideology. Summary is the current urgent task.

6. The ultra-leftist practice of instillation prevailed in the education and study of the party leading cadres and grass-roots level cadres and party members in the past. Now, even the publicity and study of communist ideals, party rules, socialist morality, social values, civilization, and patriotism are weakened or abolished.

#### **Deterioration of Inner-Party Administration**

7. Running a clean administration is the focus of mass concern today. The problem remains outstanding and no change for the better has been effected. Corruption is running wild in some government departments and the problem is that violation of law and offenses within the party, constitute the reflection of the state of affairs in society.

8. It is necessary to properly play the right "China card" in building the four modernizations and carrying out reform and opening up. The global strategy of the West remains unchanged so it would be unrealistic to expect them to effect a change. A price must be paid for Western aid and help. There are additional political conditions attached to capitalist aid, loans, and technological exports.

9. It is necessary to expose hegemonism and power politics in the world. We should resolutely maintain world peace; uphold the principle that countries, big or small, strong or weak, are all equal; and develop friendly relations with all countries in the world. We should speak for peace and justice in the United Nations and in international affairs.

10. One center and two basic lines constitute an integrated basic line of the party. Garbled statements, distortion, and one-sided abuse of the basic line must be corrected. The central task is construction and the key lies in upholding the socialist orientation.

#### **Core of "10 Opinions and Proposals" Is To Criticize Deng**

The "10 Opinions and Proposals" can be summed up mainly by the following: Establish the adviser appointment system; negating the "socialist market economy" concept is, in essence, to negate the market economy; point out that serious problems exist in reform and opening up (including the joint stock system and the securities market); stress that high growth rates are "blind" and "scientifically lacking"; neglect and give up communist education for party members and cadres; the problem of honesty has worsened; the need to "use the China card" in reform and opening up; stress opposing the United States and opposing hegemony; and stress that "taking construction as the center" is a distortion, a garbled version, and a misuse of the party's basic line.

A reformist within the party pointed out: The Chen faction's "10 views and suggestions" are directed against the Deng faction. Moreover, its accusations against Deng Xiaoping are serious. It is disclosed that of the 62 members who participated in the enlarged meeting of the Central Advisory Commission Standing Committee this time, 19 persons did not raise their hands when members were invited to do so to decide on the "10 Opinions and Proposals and suggestions."

#### **Chen Yun Criticizes Market Economy at Political Bureau Enlarged Meeting**

The new round of contention between the Chen and Deng factions took place at the enlarged meeting of the Political Bureau held on the evenings of 4 and 5 September. At the meeting, Chen made a written statement in which some of the contents were in agreement with the views of the Central Advisory Commission. Chen Yun criticized Deng Xiaoping's argument for the "socialist market economy," saying that determination of the "socialist market economy" lacks a theoretical basis at the present stage and lacks results in reality.

Chen Yun also criticized Deng Xiaoping's call for "stepping up the pace of reform and opening up," saying: "In developing production and revising and setting high targets for the planned economy, it is necessary to pay attention to two points: First, the need to act according to our capability and the initiative, but we must cherish the initiative. We must stress being scientific. Second, development of productive forces and improvement of production efficiency, returns, and quality take priority."

#### **Chen Yun Favors Making "Little Change" in High-Ranking Personnel at 14th National Party Congress**

In his statement, Chen Yun expressed his own view on arrangements for high-ranking personnel at the 14th National Party Congress. He said: "Leading groups of the Political Bureau, State Council, and Central Military Commission should demonstrate stability, continuity, and authoritativeness. Except for those comrades who

are unable to do daily work through physical weakness, for which reason they should retire, no or few changes should be made."

Chen Yun also mentioned the current "wrong thinking and wrong tendencies" within the party, saying: "The tendency generally prevails among the party's leading cadres that they have no political direction or goal and that they put money and materialism first. Regionalism and individualism are rampant. They are in the habit of exaggerating. They encourage purely high growth rates, high targets, and high output. The 'thought that political study is useless' exists and decadent practices are widespread within the party."

Chen Yun also said that after the 14th National Party Congress, he would retire completely without any title affixed to himself or without appearing personally. As for whether the Central Advisory Commission should be abolished or changed into some other form, he would obey the central authorities' decision.

#### **Deng Xiaoping Says Greatest Politics at Present Time Is Construction**

At the meeting, Deng Xiaoping made a written statement, in the capacity of a veteran party member, entitled: "The Greatest Politics at the Present Time is Construction." He emphasized two points. The first is, "after the CPC obtained political power, the focus of its political work in time of peace is construction. The greatest politics and task of the entire party and the whole country is also construction." The second is, "at present, the most salient problems within the party are bookishness, dogmatism, and the fact that traditional old concepts and old habits within the party fetter our thinking and pace. They intensely reflect that the 'leftist' tendencies and concepts within the party are deep-rooted and that they are still popular to some within the party."

Both Deng and Chen made written statements which opposed each other as if they were criticizing and retorting to each other face to face. Therefore, informed sources say that they fought a "pen war."

At the meeting, Peng Zhen gave a speech on the soundness and strict implementation of the legal system. Bo Yibo said at the meeting: "The old ones must make good arrangements for their successors and should support them in every aspect after their complete retirement, acting in coordination with the work of the CPC Central Committee and party and government departments at all levels. They should not do otherwise."

#### **Serious Differences of Opinion on Eight Major Questions**

Informed sources disclosed that at the two-day Political Bureau enlarged meeting there were differences of opinion to varying degrees on many questions such as: The determination of the "socialist market economy"; job arrangements for Song Ping and Yao Yilin, Political

Bureau Standing Committee members; current growth rates of production and development; plans to change the operating mechanisms; whether or not the Central Advisory Commission will be abolished and whether or not a central advisory group will be set up and the question of using the adviser appointment system; the major tendencies and outstanding problems within the party; final arrangements for Zhao Ziyang; and the policy for and position on the United States.

At the meeting, they discussed work reports for the 14th National Party Congress and agreed on the revised ideas put forward in it. They also put them forward for reference by the preparatory group for the 14th National Party Congress and the Political Bureau, and for them to discuss and decide on.

#### **Compromises Are Most Likely Results at 14th National Party Congress**

Some people maintained that it is not strange that the Political Bureau could not resolve problems at the "enlarged meeting of the Political Bureau" this time and that the old men had to participate in it to resolve problems. However, when the problems remain unresolved, they will be brought back to the Political Bureau for decision by vote or be decided on by the heads of the two factions through political deals. In fact, the future of the CPC and China is in the hands of one or two or several persons.

Some people say that we must not expect too much as to whether or not the Deng line and the market economy will be fixed at the 14th National Party Congress. However, judging from the internal situation of the senior CPC leadership, it is most likely that the Deng and Chen factions will make compromises in the end.

#### **Yao Yilin, Li Ruihuan at National Day Reception**

*OW2909211792 Beijing XINHUA in English  
1434 GMT 29 Sep 92*

[Text] Beijing, September 29 (XINHUA)—About 1,200 noted Overseas Chinese figures attended a reception at the Great Hall of the People today to mark the 43rd anniversary of the founding of the People's Republic of China.

Yao Yilin and Li Ruihuan, members of the Standing Committee of the Political Bureau of Central Committee of the Communist Party of China (CPC), and other Chinese leaders attended the reception.

On behalf of the Chinese Government and Chinese people, Vice Premier Wu Xueqian extended regards to Overseas Chinese as well as compatriots in Hong Kong, macao and Taiwan.

He said that after Comrade Deng Xiaoping's speech in southern China early this year, China's reform and modernization entered a new phase.

He said that the CPC Central Committee and the State Council have made a series of strategic policy decisions to promote economic development and opening up in China.

He noted that it is a tradition among the vast numbers of Overseas Chinese and compatriots in Hong Kong, Macao and Taiwan to concern themselves with China's economic development.

China's further opening to the outside world enhanced the confidence of Overseas Chinese in cooperation with their counterparts on the mainland, he said.

Wu said that cooperation on all sides will be expanded further on the basis of equality and mutual benefit.

He said that the reunification of China represents the fundamental interests of the Chinese nationalities.

He said that the Chinese Government will continue its cooperation with the British and Portuguese Governments on the basis of the Sino-British declaration on Hong Kong and Sino-Portuguese declaration on Macao, and make preparations to ensure a smooth transition of power in the two regions.

On the question of Taiwan, he said that China will continue to cling to the principle of "peaceful reunification" and "one country, two systems" and firmly oppose the activities of Taiwanese independents and the "Two Chinas" policy in any form.

The reception was jointly sponsored by the Overseas Chinese Affairs Office, Hong Kong and Macao Affairs Office and Taiwan Affairs Office of the State Council.

#### **Wu Xueqian on Reunification**

*OW3009101792 Beijing XINHUA Domestic Service in Chinese 1715 GMT 29 Sep 92*

[By RENMIN RIBAO reporter Fu Xu (0265 2485) and XINHUA reporter Sun Yong (1327 0516)]

[Text] Beijing, 29 Sep (XINHUA)—A National Day reception in honor of Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots, as well as foreign nationals of Chinese descent from various countries, was held in the banquet room of the Great Hall of the People in Beijing tonight.

The banquet room, decorated with flowers, was filled with melodious music and National Day's joyful atmosphere. Those present held cordial conversations and proposed toasts to one another to celebrate the 43d anniversary of the founding of the People's Republic of China.

Leading comrades attending the reception included Yao Yilin, Li Ruihuan, Tian Jiyun, Wu Xueqian, Zou Jiahua, Zhu Rongji, Ji Pengfei, Peng Chong, Ye Fei, Lei Jieqiong, Song Jian, Li Guixian, Gu Mu, Wang Guangying, Qian Weichang, and Ismail Amat.

Wu Xueqian, member of the Political Bureau of the CPC Central Committee and vice premier, proposed a toast at the reception. On behalf of the Chinese Government and people, he first extended cordial regards and best wishes to Overseas Chinese; compatriots in Hong Kong, Macao and Taiwan; and foreign nationals of Chinese descent.

Wu Xueqian said that after Comrade Deng Xiaoping's speech in southern China this year, China's reform, opening up, and modernization entered a new phase. The CPC Central Committee and State Council have made a series of strategic policy decisions to accelerate reform, opening up, and economic development, thereby creating a new situation of vigorous development in reform, opening up, and economic construction in China.

Wu Xueqian pointed out: It is a fine tradition among the vast numbers of Overseas Chinese and compatriots in Hong Kong, Macao, and Taiwan to concern themselves with China's progress and development. Since China opened itself wider to the outside world, a large number of Overseas Chinese; foreign nationals of Chinese descent; and Hong Kong, Macao, and Taiwan entrepreneurs have come to China to study the investment environment and to discuss trade and economic cooperation. We are convinced that such cooperation and exchanges, which benefit both parties concerned and the countries and regions in which they reside, will certainly advance on the basis of equality and mutual benefit.

Wu Xueqian pointed out: The reunification of China represents the fundamental interest of all Chinese nationalities. We will continue our cooperation with the British and Portuguese Governments on the basis of the Sino-British Declaration on Hong Kong and Sino-Portuguese Declaration on Macao, and we will step up preparations to make the work in Hong Kong and Macao conform to the basic laws during the second half of the transitional period, thereby ensuring a smooth transition of power in the two regions.

Wu Xueqian emphasized: Taiwan is an inseparable part of China's sacred territory. We will continue to cling to the principles of "peaceful reunification" and "one country, two systems," and we will firmly oppose Taiwan independence activities and the "two Chinas" policy in any form. We support the establishment of "three direct links" at an early date, according to the aspirations of the people on both sides of the strait, and we support increased two-way exchanges. We support the active creation of conditions to achieve the country's peaceful reunification step by step [zhu bu 6632 2975] through negotiations. We hope that the Taiwan authorities will comply with the people's aspirations, remove obstacles, and cooperate with us in promoting the development of cross-strait relations, while not doing anything to obstruct the relaxation of the cross-strait relations.

Also present at today's National Day reception were responsible individuals from concerned departments



Luo Gan, Liao Hui, Lu Jun, and Wang Zhaoguo; well-known figures from the scientific and technological, cultural, and sports communities; and some 1,200 others.

The reception was jointly sponsored by the Overseas Chinese Affairs Office, the Hong Kong and Macao Affairs Office, and the Taiwan Affairs Office of the State Council.

### **Portrait of Mao Zedong Changed on Tiananmen**

*OW2909141592 Beijing XINHUA in English  
1320 GMT 29 Sep 92*

[Text] Beijing, September 29 (XINHUA)—A newly finished huge portrait of Mao Zedong has taken the place of the previous one on the rostrum of the south entrance of the Forbidden City to celebrate the 43rd anniversary of the founding of New China.

Beijing is now fully prepared for the National Day, observed on October 1, especially in the Tiananmen area, one of the showcases of Beijing.

The red wall and the reviewing stands on both sides of the rostrum were repainted. Eight newly made big red lanterns will be hung to the rostrum on Wednesday, just one day before China's national day, according to the Administrative Committee of the Tiananmen area.

In addition, the frescoes inside the gate tower have been renovated while red carpets were laid on the side stairs leading to the tower.

Many other decorations and symbols were also designed at the Tiananmen area. They include 238 strong lights and 14 red light beams which would light the tower at night. The 14 beams were specially arranged to symbolize the oncoming 14th party congress.

The administrative committee also said that some 170,000 pots of fresh flowers will be placed on Tiananmen Square during the national holiday. A large artificial fountain, 62 meters in diameter, has also been temporarily installed.

### **TV To Inaugurate New Channel 1 Oct**

*OW2609211392 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 26 Sep 92*

[From the "National News Hookup" program]

[Text] The Central Television Station will inaugurate Channel 4 on 1 October.

The channel will be on the air daily for approximately 15 hours, from 0830 [0030 GMT] to 0010 [1610 GMT]. The channel, to be broadcast on the NTSC system through Asat 1 and on the Pal system through Satellite ST-14, will be relayed simultaneously through the Zhu Jiang Delta radio and television coverage project.

Of these satellites, Asat 1 will be located at 105.5 degrees east longitude, and be received on 4,120 megahertz frequency with horizontal type polarization; the ST-14 will be located at 96.5 degrees east longitude and be received on 3,825 megahertz frequency with dextrorotary polarization. After the inauguration, television and relay stations throughout the country can receive and relay the channel with a parabolic antenna. Viewers in the Zhu Jiang Delta region can use ordinary antenna to receive the channel. Compatriots in Hong Kong and Macao can also directly receive the channel.

The channel will broadcast comprehensive programs, including news and such variety programs as "Around the World" and "Earth of the Chinese Nation." In addition, it will also broadcast traditional opera, TV dramas, movies, special features, and literary, artistic, and sports programs. While its main task will be news broadcasting, the channel will devote a considerable amount of time to recreational and service programs. During the golden hours beginning from 1940 [1140 GMT], the channel will broadcast two regular TV drama series. "Variety Spectacle" and "Sports World" will also be aired on the channel.

### **Beijing Radio's 'Seventh Program' Airls 1 Oct**

*OW2909022992 Beijing Central People's Radio  
Network in Mandarin 1030 GMT 28 Sep 92*

[From the "National Hookup" program]

[Text] Beginning 1 October, this station will broadcast the Seventh Program. It will be on the air 21 hours a day, from 0500 to 0200 [words indistinct] the great area of the Zhujiang Delta.

The program's contents include news, various topics, "Midnight Storytelling," "Music Hall of Beautiful China," "The Big Stage of the Air," and other national art programs.

The frequencies for the program are 1215 kilohertz and 104.9 megahertz.

### **Li Peng, Qiao Shi Write Inscriptions for Paper**

*OW3009081592 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 28 Sep 92*

[From the "News and Press Review" program]

[Text] RENMIN FAYUAN BAO [PEOPLE'S COURT NEWS] will be published from 1 October under the auspices of the Supreme People's Court. Jiang Zemin wrote the name for the paper. Leading comrades, including Li Peng and Qiao Shi, wrote inscriptions for it. Comrade Li Xiannian wrote something precious for the paper before he passed away.

### **Zhu Rongji Visits Guangdong; Views Reform, Tasks**

*HK3009061692 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 29 Sep 92*

[Text] While making an inspection tour in Guangdong recently, Vice Premier Zhu Rongji pointed out: At present, the situation of reform and opening up is favorable. Leaders at all levels must emancipate their minds and seek truth from facts to protect, guide, and bring into play the enthusiasm of the masses. As far as economic construction is concerned, efforts must be exerted toward structural readjustment. In particular, we must make vigorous efforts to strengthen construction of basic facilities, including traffic, transportation, energy, telecommunications, and so on. We must lay a solid foundation to push our national economy to a new height.

From 20-28 September, Vice Premier Zhu Rongji inspected work in 10 cities including Zhanjiang, Maoming, Guangzhou, Panyu, Foshan, Huizhou, Shenzhen, Zhuhai, Zhongshan, and Shunde. During the inspection tour, Vice Premier Zhu Rongji issued important instructions on Guangdong's reform and development. He stressed: It is necessary to push Guangdong's economy to a new height, and strive to catch up with the four little dragons in Asia in 20 years. We must spend about 10 years or so on structural readjustment, and strengthen basic facilities and basic undertakings. We must vigorously develop high technology, added value, industries competitive both at home and abroad, and tertiary industry.

Vice Premier Zhu added: Over the past 10 years or so, Guangdong has been standing in the forefront of reform and opening up. Guangdong's practice of reform and opening up has proved that Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is completely correct. I hope that Guangdong will continue to take the lead in exploring a practical operational pattern of the socialist market economy and develop an embryonic form to provide the whole country with experience.

### **NPC Vice Chairman Wang Hanbin Inspects Hainan**

*HK3009060292 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 23 Sep 92*

[Text] After winding up his inspection of Hainan, Wang Hanbin, NPC Standing Committee vice chairman, left Haikou for Beijing by plane yesterday afternoon. Wang Hanbin arrived in Haikou on the afternoon of 17 September.

Provincial party committee Secretary Deng Hongxun and Deputy Secretary Gu Qinglin; Pan Qiongxiong, Miao Enlu, and Cao Wenhua, provincial people's representatives conference standing committee vice chairmen; provincial Vice Governor Wang Xueping; and

some other provincial leaders called on and held talks with Wang Hanbin during his stay in Hainan.

On 18-22 September, accompanied by Miao Enlu, provincial people's representatives conference standing committee vice chairman, Wang Hanbin inspected the Haikou Financial Development Zone, the Jinchang Development Zone, the Eastern Haidian Island Development Zone, the Haikou Canned Food Factory, the Haikou Velvet Processing Factory, and a duty-free shop in Lunzhu Building.

Moreover, Wang Hanbin also took a round-the-island trip during which he inspected the Laocheng Development Zone, the Yangpu Development Zone, the South China Tropical Crop Research Institute, the Basuo Port, the 1 August Farm, the Sanya Fenghuang Chicken Farm, the Sanya Tourism Development Zone, the Xinnong Farm, as well as a number of other places.

During his inspection, Wang Hanbin affirmed the achievements Hainan has scored since becoming a province. He also put forth a lot of views on how to expedite Hainan's economic development. Wang pointed out: In order to speed up development of the Hainan Special Economic Region, we must first and foremost rely on correct policies, update concepts, and give full scope to Hainan's unique and superior resources.

Yesterday morning, Wang Hanbin held talks with comrades in charge of the provincial people's representatives conference standing committee and discussed with them such issues as people's representatives conference building, legal system building, and so on.

After the meeting, Wang Hanbin also held talks with provincial Governor Liu Jianfeng in the Qiongyan Hotel, during which they freely exchanged views.

### **Religious Affair Bid To 'Legitimize' Tibet Claim**

*HK2909003992 Hong Kong SOUTH CHINA MORNING POST in English 29 Sep 92 p 12*

[Article by Geoffrey Crothall in Beijing]

[Text] Beijing is seeking to legitimise its claim of sovereignty over Tibet by becoming actively involved in and publicly approving the appointments of senior religious figures, according to Tibetans and Western scholars.

One of Beijing's strongest claims to sovereignty over Tibet is that appointments of Lama's and other senior religious figures were traditionally approved by the central Chinese government and the scholars say Beijing is trying to reassert that claim by becoming more actively involved in Tibet's religious affairs.

The official Chinese media announced yesterday, for example, that the first stage in the search for the 11th Panchen Lama had been completed and that the candidate earlier approved by the central Government as the 17th Karmapa, or head of the Karma Kagyu sect of Tibetan Buddhism, had ascended the throne in Lhasa.

The New China News Agency [XINHUA] also reported that the new Karmapa, eight-year-old Ygen Thinley Rinpoche, expressed his thanks to the central Government for its approval of his appointment and presented the head of China's Religious Affairs Bureau, Mr Ren Wuzhi, with a traditional hada during the coronation ceremony.

This was the first time a central government representative had attended such a coronation ceremony since the abortive Tibetan uprising of 1959.

Beijing's renewed involvement in Tibetan religious practices is largely aimed at countering claims that Tibet was an independent nation and also to strengthen its position in any future negotiations with Tibet's exiled spiritual leader, the Dalai Lama.

However, according to several researchers, the campaign has badly back-fired in Tibet.

Mr Robbie Barnett of the London-based Tibet Information Network said Tibetan monks had become increasingly angry at what they considered the interference of an openly atheist government in their religious affairs.

As a result, more and more monks are openly endorsing the Dalai Lama as the ultimate arbiter of religious affairs in Tibet.

For example, monks at the traditionally independent Tashi Lhunpo Lamasery, which is responsible for the selection of the Panchen Lama, have reportedly written letters saying they will not accept any candidate as the 11th Panchen Lama unless that candidate is approved by the Dalai Lama.

Mr Barnett describes the move by the Tashi Lhunpo monks, who have traditionally not accepted the Dalai Lama's authority over their selection process, as "highly significant" and an indication of just how dissatisfied the monks are with what they regard as interference from Beijing.

Even the approval of the 17th Karmapa was privately approved by the Dalai Lama before being publicly announced by Karma Kagyu representatives, Tibetan sources said.

The only reason the Karma Kagyu went to Beijing for approval was because the selection committee was split on who the reincarnation of the Karmapa actually was. Beijing's approval was sought only as ammunition by one faction to be used against the other, the sources said.

According to Tibetan scholars, factional infighting between Tibetans has traditionally been far more important in determining the outcome of the selection process for a new Lama than any patronage from Beijing.

The current search for the 11th Panchen Lama had been no different, said London-based scholar Tsering Shakya.

The search was being dominated by a dispute between the monks at Tashi Lhunpo and the previous Panchen's widow over who should inherit the 10th Panchen Lama's wealth, Shakya said.

The Communist Party's United Front Office was trying to mediate in the dispute and hoped to impose its own agenda but so far had had little success, he said.

### QIUSHI Urges Better Internal Party Building

HK3009025392 Beijing QIUSHI in Chinese No 17, 1 Sep 92 pp 20-24

[Article by Li Ming (2621 2494): "What Counts Is Doing a Good Job of Internal Building in the Communist Party—Studying Comrade Deng Xiaoping's Important Talks"]

[Text] In the talks he gave during his tour of south China at the beginning of this year, Comrade Deng Xiaoping pointed out: What is crucial to whether or not China's affairs can be handled well, socialism and reform can be upheld, and the economy can be developed a little faster, and whether or not China can enjoy long-term political stability, is that we should do a good job in the internal building of the Communist Party and ensure that nothing goes wrong with the party. This correct conclusion was arrived at after summing up the lessons from the drastic changes in, and even the disintegration of, some former socialist states. This exposition by Comrade Deng Xiaoping is of important, immediate, and instructive significance in building socialism with Chinese characteristics and in foiling the imperialist attempts at peaceful evolution. We should conscientiously and comprehensively understand and implement the gist of his talks and do an ever better job in strengthening party building to ensure that our Marxist political party and socialist Republic will never change their political color.

The ruling status of the Communist Party determines that how well the party manages itself has a direct bearing on the future and fate of the state and the nation. That China and its socialist modernization is led by the CPC is the correct choice of the broad masses of the people and the conclusion of China's historical development. The reason the CPC can shoulder such a heavy mission is that it is the vanguard of the working class, representing and fighting unrelentingly for the fundamental interests of the broad masses of the people, and that it is a Marxist political party which has a cohesive force and fighting capacity. In the new historical period of China's reform and opening up to the outside world, particularly when the international communist movement is at a low ebb, the world socialist cause has suffered serious setbacks, and some former Marxist political parties have degenerated, our party is facing and experiencing many new tests. Of these the salient ones are the test of reform and opening up and the development of the commodity economy; the test of foiling the imperialists' peaceful evolution attempts;



and, in the final analysis, the test of whether or not we can uphold socialism and have political power well in hand. These tests, no matter that they come from at home or abroad, are all extremely stringent. If we can withstand them, our socialist cause will forge ahead and develop. Otherwise, it will surely suffer setbacks and even failures. To withstand the tests, it is necessary for us to do a good job in the internal building of our Communist Party, effectively strengthen party building, and strive hard to enhance the party's fighting capacity.

Doing a good job in the internal building of the Communist Party is the internal need for building socialism with Chinese characteristics and realizing the four modernizations. The solemn mission of contemporary Chinese Communists is to uphold the party's basic line, unite and lead the people of all nationalities throughout the country in doing pioneering work through hard effort and self-reliance along the road of building socialism with Chinese characteristics, and build China into a rich, powerful, democratic, civilized [wen ming 2429 2494], and modern socialist country. This is a great and glorious historical task whose realization calls for efforts from all sides. First, we should develop the productive forces as quickly as possible with economic construction as the center. The work in other fields must be subjugated to and serve this center. On no account should we be divorced from the center, much less disturb and shake it. Comrade Deng Xiaoping has repeatedly stressed: It is necessary to "focus on the four modernizations and persists in developing the productive forces. Nothing short of a world war would make us release our grip on this essential point. Even should world war break out, we would engage in reconstruction after the war." (*Building Socialism With Chinese Characteristics (Revised and Enlarged Edition)*, p 54) He maintained: To achieve the four modernizations, externally, we should open the country to the outside world. Internally, we should invigorate the economy, develop the planned commodity economy, and reform the economic and political structures in accordance with the needs for developing the productive forces and pay close attention to the building of not only material but also spiritual civilization. All these are extremely arduous and complicated tasks. Since there are no ready-made successful experiences to follow as reference, we have to forge ahead while probing. In carrying out reform and opening up and the four modernizations, there is still the question of adherence to the socialist orientation. This is also what Comrade Deng Xiaoping has repeatedly stressed. He said: "Adhering to the socialist orientation in carrying out reform is a very important question. We want to achieve modernization in industry, agriculture, national defense, and science and technology. However, there are four characters which read 'socialism' preceding the four modernizations. Hence, 'the socialist four modernizations.' The economic invigoration at home and opening up to the outside world we referred to are carried out by upholding the socialist principles." (ibid, p 117) In short, either the general goal of realizing

the four modernizations or the implementation of specific steps, principles, and policies call for the need for the ruling Communist Party to lead and organize the people to explore and fight. Meanwhile, this also means a test for the Communist Party's capability. Without the powerful leadership of the Communist Party, the realization of the four modernizations would be unimaginable. If the leadership modes and methods of the Communist Party are not appropriately changed or improved and offer incorrect leadership as a result, all sorts of problems will crop up in the drive of reform and opening up and the four modernizations, including relatively serious problems. If the problems arising are not promptly and correctly discerned, this will delay the realization of the four modernizations and bring about losses that will be hard to make good. So, if party building is not further strengthened and a good job is not done in the internal building of the Communist Party, our party will be unable to fulfill the historical mission it shoulders.

Doing a good job in the internal building of the Communist Party is necessary for upholding socialism in China and winning victory in the struggle against peaceful evolution. The worldwide antagonism and struggle between the socialist and capitalist ideological systems and between the socialist and capitalist systems has never ceased. Currently, by capitalizing on the opportunity of China's reform and opening up, Western hostile forces are trying every possible means to carry out political, economic, ideological, and cultural infiltration and employ the tactics of both inducement and suppression in an attempt to bring China within the orbit of their capitalist system. Western hostile forces are well aware that a powerful Marxist political power being in office is the major obstacle to their attempt to realize peaceful evolution. Therefore, the important means they use to pursue peaceful evolution is to seek and foster their agents within our party in a vain attempt to turn them into the opposition and the so-called "dissidents" within the ruling party. This is an important manifestation of the international class struggle. The nature of imperialists determines that they will on no account abandon their plot to promote evolution in China. This being the case, opposing and resisting peaceful evolution is an immediate and urgent task and also one of protracted struggle. In such a grim international situation, doing a good job in the internal building of the Communist Party so that it becomes powerful is of extremely great, immediate, far-reaching, and historic significance. We should fully understand this issue and be highly vigilant about it.

It is necessary to do a good job in the internal building of the Communist Party. Ours is a ruling party with more than 50 million members and leading cadres at all levels. The majority of party members are good or relatively good and able to uphold the "one center, two basic points" basic line and give play to their vanguard role in leading and uniting the people of all nationalities in building socialism. However, there is no denying that

some failed to withstand the test of reform and opening up and the development of the commodity economy, made mistakes under the corrosive influence of the bourgeois decadent ideas and lifestyles which had made inroads in the course of reform and opening up, and even became degenerate. Some party members have turned into worshipers of capitalism from believers in Marxism and have stubbornly clung to the position of bourgeois liberalization. Despite education and criticism, they have not changed their position in the slightest degree and when an appropriate time arises, they come out into the open to attack the Communist Party and socialism; others abused power to seek personal gain and squandered or embezzled state and collective property; and still others engaged in smuggling and trafficking smuggled goods, took bribes, extorted money, and even engaged in power-for-money trading. Some cadres who have succumbed to bureaucracy and formalism in a serious way did not do any solid things. All in all, inactivity and corruption have risen to a serious extent in some localities, departments, and individuals. Although these problems occurred with a small number of party members and cadres, they have affected the interests of the state and the people, defamed the party, and weakened once and for all the flesh-and-blood ties between the party and the people, causing a strong discontent among the masses of the people. If these problems are not solved earnestly, they will serve hostile forces at home and abroad as a lever and a foundation for pursuing peaceful evolution. We should attach adequate importance to the problems existing within the party, adopt effective measures, and solve them conscientiously. Otherwise, if they are allowed to spread unchecked, the party will lose the people's trust and support and face the danger of losing its ruling position and head for self-destruction. This is in no way alarmist talk. Lessons written in blood by some countries tell us: The day when a proletarian political party loses the people's trust and support is the day for its loss of political power. If that day really arrives, naturally, the realization of the four modernizations and the adherence to building socialism with Chinese characteristics will be out of the question. On no account must we treat this lightly.

To do a good job in the internal building of the Communist Party, it is necessary for the party to have a correct political line, commensurate with the specific country's national conditions, and always uphold it without wobbling. A correct political line is the criterion for unifying the thinking and will of the entire party and for common action in a period of time. True, the reasons the proletarian political parties in some countries lost their political power and even ceased to exist were different but they had one thing in common and that was the existence within the parties of extreme ideological confusion. Some leaders preached so-called ideological pluralism and political pluralism and believed in the democratic socialist so-called "new thinking." Consequently, differences occurred within their parties in the issue of upholding the Marxist political line and the

parties lost the criterion for common action and their own fighting capacity. In the face of the peaceful evolution offensive launched by Western hostile forces, our party did not repeat what had happened in East Europe and the former Soviet Union, fundamentally because our party has a basic line which takes economic construction as the center and upholds the four cardinal principles as well as reform and opening up to the outside world. This is a line which tallies with China's national condition and it is precisely under the guidance of the line that great changes have taken place in the face of China's economy and society as a whole. The people are pleased with the changes, which have attracted world attention. Positive and negative experiences tell us: Whether or not there is a correct political line, and whether or not it is implemented persistently, has a bearing not only on whether or not a good job can be done in the internal building of the Communist Party but also on the future and fate of the state and the nation. So, in the important talks he gave at the beginning of this year, Comrade Deng Xiaoping once again stressed: The party's basic line should operate for 100 years and must not be shaken. We should profoundly understand this sentence, which carries enormous weight, and uphold the line without wavering in the least.

To do a good job in the internal building of the Communist Party, it is necessary to train and select successors properly and put leadership firmly in the hands of people loyal to Marxism. The correct organization line guarantees implementation of the correct political line. Once the political line is determined, the results of its implementation by people who agree or disagree with it, and who comprehensively understand it or distort and fragmentize it, will be quite different and even completely contrary. Hence, there is the question of what kind of people should succeed. Comrade Deng Xiaoping has clearly pointed: "We must guarantee China's stability and the realization of the four modernizations by following the correct organizational line and by choosing successors who truly uphold Marxism-Leninism-Mao Zedong Thought and have strong party spirit." (*Selected Works of Deng Xiaoping*, (1975-82), p 178) In his talks at the beginning of this year, he again stressed: By saying that our party's basic line should operate for 100 years and the state should enjoy long-term political stability, we mean relying on the successors who have both political integrity and ability. This is an issue that really matters to the overall situation. While proletarian revolutionaries of the older generation are still living and in good health, peaceful evolution cannot materialize in China and, if something wrong happens in the party, it can be solved relatively satisfactorily. But what will happen after that? Comrade Deng Xiaoping said that he did not feel assured. Western hostile forces are also aware of this. Just as Comrade Deng Xiaoping pointed out: They placed their hopes for peaceful evolution on the people of the coming several generations. Therefore, to do a good job in the internal building of the Communist Party, continue the development of the socialist cause, generation after generation, and win the final



victory in fighting peaceful evolution, the task of educating the youth and Communist Party members properly, and of training and selecting trustworthy successors, demands immediate attention. In selecting cadres to leading bodies at all levels, it is imperative to uphold the principle of "being more revolutionary, younger in average age, and more knowledgeable and professional" and the criteria of having both political integrity and ability. Comrade Deng Xiaoping pointed out: "In selecting and promoting cadres, we must make sure they keep to the socialist road." "Of course, cadres must be revolutionary. This requirement takes precedence over considerations of age, education, and professional competence. That is why we say adherence to the socialist road is the primary qualification for a cadre." (ibid, pp 226, 320) This means that only successors who uphold the four cardinal principles and are loyal to the socialist cause and Marxism, who are in the prime of life, and who are able to forge ahead while breaking new ground can make sure nothing wrong will happen to the party. In accordance with the requirements of the party Central Committee, continued efforts should be made to do a good job in the work on the basis of what has been achieved in the past. Great stress should be placed on training young cadres and selecting and promoting the outstanding qualified people, who have been proved by practice to have genuinely and comprehensively upheld the party's basic line and achieved practical results in construction and reform and opening up, to leadership posts to ensure that there is no lack of successors to carry on the party's socialist cause and that Comrade Deng Xiaoping and other proletarian revolutionaries of the older generation can really "be at ease."

To manage to do a good job in the internal building of the Communist Party, serious efforts should be made to eradicate inactivity and corruption in the party. The existence of various unhealthy practices, inactivity, and corruption in the party is, in the final analysis, a violation of the party's purpose of wholehearted service to the people and a malignant tumor in the healthy body of the party. "One ant hole may cause the collapse of a 1,000-li dike." If bad party style is not improved and corruption is not eliminated, this will serve as a vital wound to the party's solidarity, unity, discipline, prestige, cohesiveness, and fighting capacity and, if they are allowed to spread unchecked, they will certainly pose a direct threat to the existence of the party and its nature. So, in his southern-tour talks, Comrade Deng Xiaoping stressed: In the whole course of reform and opening up, we should oppose corruption. As far as cadres and Communist Party members are concerned, they should regard the building of a clean government as an important task. Now that it is an important task, leading party cadres at all levels must carry it out seriously and not perfunctorily. First, they should fully understand the serious harm from unhealthy practices, inactivity, and corruption; overcome the mentality of drifting with the tide and the fear of difficulty; starting with themselves, set an example; take the lead in setting an example for others to follow; and promote the formation of noble spirit within

the party. It is necessary to strengthen the building of the legal system and party rules and regulations, improve the supervision mechanism, and check erroneous ideas at the outset. As for erring cadres, so long as their cases are clear and the evidence is irrefutable, we should remove obstructions, insist that everyone is equal before the law and discipline, and deal with them in accordance with the law and discipline, regardless of their position, to safeguard the inviolability of the law and discipline, party discipline, and administrative discipline. Efforts should be made to strengthen education and improve the political and ideological quality of the contingents of party members and cadres. Lenin brilliantly pointed out: "Those who are politically educated will not embezzle and take bribes." (*Collected Works of Lenin*, Second Edition, Vol 42, p 198) The reasons some party-member cadres became corrupt are different but the following are common: They did not know, or forgot, basic Marxist theory and the historical mission of the Communists; they could not, or refused to, use the Marxist stand, viewpoint, and method to observe and handle matters; they abandoned and refused to remold their world outlook; and they had not received tempering in party spirit. Therefore, ideological education and tempering in party spirit among party members must not be neglected in the least. To struggle against corruption, it is also necessary to foster the idea of protracted struggle and unswervingly carry out the struggle in real earnest. On no account must we slacken our efforts in this regard. Only when the struggle is conscientiously carried out and effective measures are continuously taken in the light of the new situation, can the phenomenon of inactivity and corruption be minimized and ultimately eradicated and can the party constantly enhance its fighting capacity and always be in an impregnable position.

To do a good job in the internal building of the Communist Party, it is also necessary to vigorously strengthen the building of grass-roots party organizations. Our party constitutes an integral whole, with its primary organizations spreading in all parts of the country, in all fields and on all fronts of endeavor, and in all departments and units. They are shouldering the heavy task of leading and organizing the masses of the people in their units to carry out the four modernizations and consolidate the ruling status of the party. Their work and fighting capacity are the foundations for the party's whole work and fighting capacity. Doing a good job in building primary organizations is part and parcel of the effort to do a good job in the internal building of the Communist Party and strengthen party building. At present, although most of the grass-roots party organizations are good or relatively good, there are also many serious problems with them. On the production front, some units lack party members or there have not been any party members at all for a long time. Some primary organizations are lax and weak; others are in a state of paralysis; and still others have lost the role as the fighting force and have even completely degenerated. Recently, Comrade Jiang Zemin emphatically pointed out: It will not do to pay no great attention to the grass-roots party

organizations and not make vigorous efforts to strengthen their building. Therefore, we should understand the importance of this question from a strategic plane and promptly strengthen the building of grass-roots party organizations as an urgent task of strengthening party building. We should rely on the masses of party members, adopt different measures in the light of different conditions, consolidate those which ought to be consolidated, strengthen those which ought to be strengthened, reorganize those which ought to be reorganized, and work hard to achieve good results in this regard.

To do a good job in the internal building of the Communist Party, our party members and cadres must seriously strengthen their study. For the CPC to withstand the tests of reform and opening up, the development of the commodity economy, opposing peaceful evolution, realizing the four modernizations in China, having political power well in hand, and the test of establishing itself in an unassailable position, comrades in the entire party must be charged with important tasks. In the ever-changing world situation and in the domestic situation in which reform and opening up are bringing about changes day after day, new developments, new contradictions, and new difficulties are emerging in turn which need to be solved by the party. Only when we make greater efforts to learn can we enhance our ability and skill in solving problems. Comrade Deng Xiaoping pointed out: "The four modernizations represent a great and profound revolution in which we are moving forward by resolving one new contradiction after another. Therefore, all party comrades must learn well and always keep on learning." (*Selected Works of Comrade Deng Xiaoping*, (1975-82), p 143) The things to be learned are many. First of all, we should strengthen the study of Marxism-Leninism-Mao Zedong Thought, in particular, the study of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; master their basic principles and ideas; and learn to apply the Marxist stand, viewpoint, and method in observing and handling matters so that they become the guide in doing one's own job and strengthening the cultivation of party spirit. We should continue to overcome the tendency toward diluting the study of Marxist theory which has prevailed during the last few years, make consistent efforts on the basis of having attached importance to the study of Marxist theory in recent years, and not slacken our efforts in the least. In learning, we must integrate theory and practice and apply what has been learned and refrain from indulging in book worship. We should also strengthen the study of knowledge about modern science and culture, particularly economics and professional knowledge about economic work. The mastery by party members and cadres of rich knowledge about modern science and culture is an indispensable basic skill for the party to take economic construction as the center and concentrate efforts on developing the economy and also an indispensable condition for the party to carry forward the socialist cause in the new period, continue to win the people's trust and support, and victoriously fulfill the

historical mission it shoulders. In the past, our party members and cadres' knowledge in this regard was insufficient and now apparently they know even less. Therefore, they must conscientiously master it. The question of study, in the final analysis, is a matter of integrating the Marxist basic tenets with realities, including those of China as a whole, provinces, and counties, fields of endeavor, and units. Comrade Deng Xiaoping pointed out: "We have repeatedly declared that we shall adhere to Marxism and keep to the socialist road. But, by Marxism we mean Marxism that is integrated with Chinese conditions and by socialism we mean socialism that is tailored to Chinese conditions and with Chinese characteristics." (*Building Socialism With Chinese Characteristics (Revised and Enlarged Edition)*, p 52) So long as the vast numbers of party members and cadres conscientiously and persistently study, strive hard to integrate the study with the realities of their units, continuously sum up experience, and draw lessons from the past "integration" [jie he 4814 0678] efforts, a large number of party members and cadres will be able to become both revolutionaries upholding socialism and Marxism and people of special skills able to carry out reform and opening up and the four modernizations and our party will have greater fighting capacity.

The historical mission of the Communists is to wipe out exploitation and the exploiting classes and achieve the lofty goal of communism in the world. The arduousness and lasting nature of the mission determines that doing a good job in the internal building of the Communist Party cannot possibly be accomplished in one move and calls for uninterrupted, persistent, and prolonged efforts. The successful completion of the building in a certain period does not mean ensuring that something wrong does not happen in the new situation in which new developments and new problems have occurred. Therefore, we should be mentally prepared for the long term and make unremitting efforts to strengthen party building. We are firmly convinced that so long as the vast numbers of party members and cadres make consistent and effective efforts, our great, glorious, and correct party, which has experienced sufferings of all kinds and furious waves and traversed a brilliant course over the last 70 years or so, will surely be able to build itself better, always maintain its great vitality and indomitable fighting capacity, keep on forging ahead, and victoriously arrive at the other shore of the ideal state.

#### Literature, Art During Yanan Period Discussed

HK2909063892 Beijing QIUSHI in Chinese No 16, 16 Aug 92 p 49

[Article by Bai Hua (4101 8763), from the Literature Editing Office of the Chinese Social Sciences Publishing House: "Not Merely Historical Materials—Reading Notes on 'Reminiscences of Literature and Art During Yanan Years'"]

[Text] On the occasion of the 50th anniversary of Mao Zedong issuing his article "Talks at the Yanan Forum on Literature and Art" (hereinafter referred to as the "Talks"), the Chinese Social Science Publishing House has published the book *Reminiscences of Literature and Art During Yanan Years* (compiled by Ai Kean). The book contains articles written by 54 famous authors and artists such as Mao Dun, Zhou Yang, Xiao San, Ding Ling, Yang Shaoxuan, Zhang Geng, Nu Ji, He Luting, Jiang Feng, and Li Qun on their reminiscences of the literary and artistic life and movement during the Yanan years. The book gives a systematic and objective description of the boom in the literary and art movement and the unprecedented prosperity of literature and art during the Yanan years under the guidance of the spirit of Mao Zedong's "Talks." It is of great benefit for us in acquiring a deeper comprehension of Mao Zedong's "Talks" and better understanding of the historical turning point of our revolutionary literature and art.

From the articles written by the chief responsible cadres for the work in the literary and artistic fields during the Yanan years, such as Zhou Yang and Ding Ling, we can see that they are not exactly the same in elaborating the background to convening the Yanan Forum on Literature and Art and the issuing of Mao Zedong's "Talks" but they all believe that many of the literary and artistic workers were not quite used to the new surroundings when they first arrived in Yanan from different places. This resulted in a lot of confused, or even mistaken, words and deeds appearing in their work. Therefore, the prevailing question then was "how to integrate with the workers, peasants, and soldiers" and "how to integrate with the new era and new masses" (Zhou Yang's words), and there was an urgent need "for a correct solution to the fundamental problems and tendencies appearing in the revolutionary literary and art work and in the trend of thought in literature and art in the new situation" (Ding Ling's words). From the two speeches made by Mao Zedong at the Yanan Forum on Literature and Art, we can also see that the "Talks" were mainly aimed at such problems as "idealism, foreign dogmatism" and "looking down on practice and being divorced from the masses". The "Talks," from the high plane of combining Marxist theory with the concrete practice of Chinese revolutionary literature and art, provided a systematic and profound exposition of the problems such as why revolutionary literature and art should serve the people and how to serve the people. For example, it explicitly put forward the orientation and road that revolutionary literature and art "are for the masses of the people and, in the first place, for the workers, peasants, and soldiers." In view of the relationships such as that between the writers and artists and the era and people; between the literary and artistic creation and its life source; between the world outlook and the method of creation; between the form and the content; between the popularization and the raising of standards; etc., the article also put forward principles and policies of revolutionary literature and art, which all correspond to the historical demand and the law of literature and art. The "Talks"

saw what others failed to see and said what others failed to say, overall abolishing the old and establishing the new in the guiding ideology of the new literature and art. All this made Yanan's literary and artistic workers aware of the significance and glory of their responsibilities and clear about their orientation, helping them get rid of their perplexed ideas, emancipate their thinking, and inspire their enthusiasm. After a very short period of time, the literary and artistic movement and undertakings in Yanan came into their unprecedented prosperity. From the prosperousness depicted by the 54 elder writers and artists from different aspects such as literature, drama, song and dance, music, and art, we can see that Yanan's literature and art enriched and developed itself vigorously in the course of adopting itself to the historical demand, merged itself exactly with its time and people, and thus scored a brilliant victory for the revolutionary literary and artistic movement.

The book *Reminiscences of Literature and Art During Yanan Years* reviews the background and influence of the "Talks," recalls the progress and growth of the literary and artistic workers, depicts the germination and development of the literary and artistic movement, and records the achievements and experiences of the works in the literary and art fields. In view of this, it is not merely a book of historical material. We can also easily experience from this book the combat effectiveness, the inspiration, and the enlightenment of the correct literary and art orientation and principles formulated in the course of applying the essence of Mao Zedong Thought, such as "integrating theory with practice" and "seeking truth from facts," to the work in the literary and art fields. The book is not without referential and enlightening significance for the development of our present or even future literary and art undertakings.

#### Information on AIDS Said Scarce in China

HK2809033492 Beijing CHINA DAILY in English 28 Sep 92 p 5

[Report by Li Xing: "Aids Knowledge Still Sorely Limited in China"]

[Text] Although many Chinese know about the deadliness of Aids and even its causes, recent surveys reveal they do not have enough information on Aids to prevent the spread of the disease.

For instance, a survey of over 1,000 taxi drivers and hotel employees in Beijing indicated a large percentage of respondents are unaware that Aids can be transmitted through blood transfusions and intravenous injections or that the use of condoms can help prevent the spread of Aids.

They also mistakenly believed they will immediately recognize an Aids victim or carrier.

The survey results were released at a recent regional Aids conference sponsored by the United Nations Development Programme and held in Yunnan Province in



Southwest China. Sex and Aids is a sensitive topic in China, discussed only in private if at all.

But researchers have been trying to find out more about the country's sexual practices and their knowledge, attitudes and beliefs about Aids.

This information will be valuable in the campaign to inform people about Aids and to draft new regulations on Aids prevention, said Zhang Konglai, director of Epidemic Research with the China Academy of Basic Medical Sciences.

In China, the first case of Aids was identified in 1985. Since then and up to the end of last year, 708 people in China, including Taiwan and Hong Kong, were diagnosed as HIV positive. Of the 708, 585 lived in nine provinces and cities on China's mainland, and 557, or 78 percent of the total came from Yunnan Province.

The latest figure released by the State Aids Control Centre showed 932 were proved HIV positive across the country.

Between 1986 and 1991, some 946,800 people were tested for Aids. Eight Aids control centres constantly monitor several groups—especially prostitutes and drug addicts—who are most susceptible to Aids.

But researchers fear that the number of HIV carriers may be much higher, and that the national statistics are inaccurate.

The government has taken steps to control Aids. It has banned the import of blood products from abroad, carried out strenuous efforts to stop drug smuggling, issued a number of laws forbidding prostitution, imposed compulsory medical check-up and Aids tests for people who have stayed abroad for more than six months, and required that Aids cases be reported to the central government as soon as possible.

Meanwhile, experiments are under way to use traditional Chinese medicine to help treat the deadly disease.

Researchers are worried about the lack of public knowledge of Aids. They are turning to surveys to accumulate hard evidence to persuade the government to improve public education.

Zhang's research group targeted their first survey in Beijing on two groups, taxi drivers and hotel attendants, that have access to people—and information—from across the country and around the world.

The questions covered what and how respondents knew about Aids and if they would change their sexual practices to prevent being infected with the Aids virus.

The survey showed that most of the drivers and hotel employees, from 12 taxi companies and 14 hotels in Beijing, know that Aids is spread through sexual contacts.

But 44.9 percent of the taxi drivers mistakenly believed that all HIV carriers exhibit outward and noticeable symptoms of Aids.

In addition, 23.8 percent of the hotel employees and 36.8 percent of the taxi drivers do not know that the Aids virus can be transmitted through blood transfusions, and 35.2 percent of the hotel employees and 42.2 of the taxi drivers do not know that it can be transmitted through intravenous injections.

While most of the respondents say they have used condoms, only 44.4 percent of the hotel employees and 64.2 percent of the taxi drivers know that the use of condoms can prevent the virus from spreading.

A similar study was conducted among 215 government office workers, doctors and police officers in Yunnan, a province where drug use is relatively high.

"These people play an important role in improving public education," the study says.

This study, jointly conducted by local researchers and by the Yunnan Provincial Station for Disease Prevention and the China Academy of Preventive Medicine, shows most of the survey respondents take an interest in learning about Aids.

But about one-third of them have seriously mistaken notions about how Aids is transmitted. About 31.7 percent of them believe that mosquitoes also distribute Aids virus. And about 33 percent have no idea whether the Aids virus can be transmitted by shaking hands or having dinner with HIV carriers.

More than half do not know the difference between HIV carriers and people who have developed Aids.

A similar survey was given to 51 gay men in Beijing by the China Institute of Health Research and the China Academy of Preventive Medicine. Almost every one of them had heard about Aids and knew about the special groups of people who are most vulnerable to Aids infection.

But an appalling two-thirds were unaware that Aids is beginning to threaten China. They believe that Aids is something foreign and they are safe as long as they do not have contacts with foreigners.

All three surveys indicate that China still has a long way to go to strengthen its efforts to educate its people with accurate information on Aids and Aids prevention.

### Military

**Qin Jiwei Attends Air Defense Work Conference**  
*OW2609212592 Beijing XINHUA Domestic Service in Chinese 1505 GMT 24 Sep 92*

[By Chen Yan (7115 8746) and correspondent Wang Shengli (3769 0524 0448)]



[Text] Beijing, 24 Sep (XINHUA)—The national work conference of the Directors of People's Air Defense Offices that was held today stresses that air defense work needs to adapt to the new situation of reform and opening up, accelerate the pace of reform, enhance its intensity, and serve economic construction and society.

Qin Jiwei, State Councillor, Minister of National Defense, and Chairman of the National People's Air Defense Committee, attended the meeting and spoke on how to do a good job in people's air defense work in the new era. He urged that comrades in charge of People's Air Defense departments at all levels seriously study the spirit of comrade Deng Xiaoping's speech made during his inspection tour to the South, carry out reform of the people's air defense well, and contribute more with regard to economic and urban development and facilities that provide convenience to people's daily life.

In his speech, Qin Jiwei pointed out that after 40 years of development, our nation has laid a solid foundation in people's air defense. People's air defense is a long-term task that must be carried out persistently and in step with urban construction. An effective people's air defense not only safeguards national security, but also help raise the nation's overall strength, and promotes economic construction as well as social prosperity. This is a great undertaking by which the efforts of our generation will benefit in the centuries to come. He stressed that it is necessary to incorporate people's air defense into overall state planning for reform, opening up, and economic development so that this work and economic work will promote each other and develop hand in hand. From now on, the focus of the reform of people's air defense work is to coordinate well the relations between combat readiness and economic construction and between efficiency in combat readiness on the one hand and socio-economic efficiency on the other, properly balance peacetime and wartime needs, and try harder to invigorate people's air defense work in peacetime.

It has been learned that remarkable progress has been made over the years in people's air defense work by implementing the policy of "making overall planning that takes into account both peacetime and wartime needs, with the emphasis on key projects and persistent implementation on a long-term basis." By now, air defense works totaling tens of millions of square meters—the construction work involved is equivalent to building an underground "Great Wall" 7.2 meters in width—have been completed nationwide. Rapid progress has been made in exploiting and utilizing these works, ushering in a new approach toward people's air defense work with Chinese characteristics. Statistics show that the output value and the business turnover from converted air defense works nationwide reached 4.26 billion yuan last year, generating 180 million yuan in tax revenue and creating 150,000 jobs.

At the meeting, 116 units and 346 individuals from across the nation that are advanced in people's air defense work were commended.

Xu Huizi, Deputy Chief of General Staff of the People's Liberation Army and Vice Chairman of the National People's Air Defense Committee, and Li Changan, deputy secretary general of the State Council and Vice Chairman of National People's Air Defense, attended the meeting and made speeches.

#### **Xinjiang Official Vows Support for Reform**

HK2409093492 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0510 GMT 11 Sep 92

[By reporters Li Ziming (2621 1311 2494) and Zhao Shengyu (6392 0524 3768): "Opening Up Along the Borders: Pan Zhaomin Says Xinjiang Military District Will Serve as Escort in the Reform and Opening of Xinjiang"]

[Text] Urumqi, 11 Sep (ZHONGGUO XINWEN SHE)—Pan Zhaomin, political commissar of the Chinese People's Liberation Army Xinjiang Military District, said here the other day: If Xinjiang-based troops are to fulfill their duty to serve as escorts for reform and opening up in Xinjiang, they should define as their principal endeavor the protection of the motherland's unity and Xinjiang's stability.

Major General Pan Zhaomin accepted an exclusive interview by these reporters conducted in a spacious office where maps of the world, China, and Xinjiang hung on the walls. He said: As the reform, opening up, and economic growth cannot be separated from a stable environment, the troops based in Xinjiang should create a safe, stable, and excellent social environment conducive to reform and opening up in Xinjiang.

Pan Zhaomin said: Xinjiang, situated in the north-western border, is a region inhabited by diverse nationalities and has a border stretching more than 5,400 kilometers.

Hence, maintaining stability is of utmost importance to the reform and opening up of Xinjiang. Pan Zhaomin said: In recent years, the Xinjiang Military District has vigorously stepped up the military and political qualities of its officers and men by imposing strict demands, conducting serious training, and raising the capability of the troops to deal with emergencies.

Pan Zhaomin said: While boosting their own build-up, the troops also actively participated in local economic construction endeavors and conducted extensive activities related to military-civilian unity, ethnic solidarity, and two-support work. The launching of these activities promoted prosperity and stability in Xinjiang.

According to statistics, the Xinjiang-based troops have taken part in more than 800 local construction projects. Starting from the 1 August steel plant and Xinjiang cement plant built in the early 1950's to the more recent northern Xinjiang railway, Tabei oilfield, and Dushanzi ethylene project, the troops have mobilized massive human and material resources. Pan Zhaomin revealed:

This year, the Xinjiang-based troops will take part in 31 major local construction projects. He added: Over the years, the troops have put in more than 150 working days, used machines and vehicles on 80,000 occasions, flew 125 sorties, and participated in 831 local projects.

Pan Zhaomin said: The troops have always shown great concern for the army cadres of minority nationalities, and have attached great importance to their training and assignment.

It was learned that in the recent decade, tens of thousands of cadres and soldiers of minority nationalities have been demobilized and assigned to work in the localities. While they may no longer be in uniform, they have retained their proud colors by playing an important role in safeguarding solidarity among nationalities, promoting reform and opening up, and developing economic construction.

Pan Zhaomin said: After entering into the 1990's, the military district's troops based in the border points and the border meeting posts adapted to the new situation in reform and opening up by considering it their responsibility to promote the prosperity of the border regions and their people, actively taking part in border trade-related work, and acting as bridge for border trade.

He said: In the second half of last year, the autonomous region exported commodities including 140,000 live-stock and 40,000 tons of corn to the Republic of Kazakhstan for the first time. To help complete this export duty, the officers and men of the Baktu [ba ke tu 1572 0344 0956] meeting station inspected the turnover site three times, held several consultations with the other side regarding the spot for the turnover of goods, conducted some 20 meetings with the other side, and took part in the entire transaction process in order to ensure the complete success of the export duty. In the course of building the widely renowned Europe-Asia bridge, the Alashankou [7093 2139 1472 0656] meeting station made contacts related to the linking of railways and launching of temporary cargo transport, and it also supervised work carried out by personnel from the two sides in the border work site. The officers and men of this station exerted all efforts and handled border affairs meticulously to ensure the smooth progress in the linking of railways. Meanwhile, the Tashkent [ta ke shi ken 1044 0344 0087 5146] meeting station held 49 meetings on behalf of the locality regarding border trade affairs and received nine economic observation delegations from both sides which involved more than 100 persons, thus helping to break the 10 million-yuan mark in the Altay border trade volume.

#### Reference Works on Statutes, Regulations Published

HK2509093692 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1227 GMT 14 Sep 92

[Text] Beijing, 14 Sep (ZHONGGUO XINWEN SHE)—  
In the past years, the Chinese military organized over

2,000 specialists to sort out, on a comprehensive scale, over 130,000 standardization documents issued since 1949 by sifting through more than 50,000 files, from which over 18,000 documents on military statutes and regulations were selected.

At the forum on the editing and publication of the "Corpus of Military Statutes of the People's Republic of China" held in the Great Hall of the People today, this reporter learned that the Academy of Military Sciences, instructed by the Central Military Commission's Legislative Bureau, sorted out, on a comprehensive scale, the military statutes promulgated by the National People's Congress and its standing committee, by the State Council, and by the Central Military Commission and, on the basis of this, compiled and published this large reference work.

It is learned that Yang Baibing, secretary general of the Central Military Commission, paid close attention to the sifting and compilation of the military statutes and examined and approved the editorial policy for the compilation and the major contents of the statutes himself.

The corpus of military statutes was compiled by the Legislative Bureau of the Central Military Commission and published by the China Democracy and Law Publishing House. Containing over 500 documents on military statutes that are still in effect, it comprises the following thematic volumes: Military Affairs, Politics, Logistics, Defense Science and Technology, and so on.

The person in charge of the Legislative Bureau of the Central Military Commission said: Editing and publishing the corpus of military statutes is a major event in the history of China's military legislation. Its publication will provide a statutory guarantee for China's national defense and Army building; set the standards for the broad ranks of officers and men in studying, applying, and enforcing the law; provide criteria for the leaders and organs at various levels in exercising management according to law; and provide a basis for the teaching of, and scientific research on, military law. It will also fill in the "blanks" in the compilation of military statutes since the founding of the PRC and have an important impact on the improvement and development of the socialist legal system and the strengthening and perfecting of the state legislative building.

In the meantime, the "Corpus of Military Regulations of the People's Liberation Army" has also been compiled and published. This corpus contains over 3,700 documents on military regulations that are still in effect.

It is learned that so far, over 500,000 copies of the corpus of military statutes and the corpus of military regulations have been distributed among units at and above the regiment level Army-wide. The public edition of the corpus of military statutes was sold out soon after publication.

## Economic & Agricultural

### Prominent Experts Call For Market Economy

HK2409054492 Beijing ZHONGGUO JINGJI TIZHI  
GAIGE in Chinese No 8, 23 Aug 92 pp 14-31

["Pen Talk" by Liu Guoguang, Gao Shangquan, Yu Guangyuan, Wu Jinglian, Zhao Renwei, Zhang Zhuoyuan, Zhou Shulian, Chen Jiyuan, Rong Jingben, and He Wei: "China Striding Forward Toward Socialist Market Economy"; first paragraph is ZHONGGUO JINGJI TIZHI GAIGE editor's note]

[Text] How do we fix the goal of economic restructuring? What kind of new system should we build in reform? These are the most important problems requiring a solution in theory and practice through reform and opening up. As the process of our country's urban and rural reforms continuously develops, and after 13 years of hard exploration, today, people have come closer to a consensus, that is: Promotion of a market-oriented reform is imperative, and the goal of reform is to build a new system of socialist market economy. However, how do we understand socialist market economy and how do we establish a new system of socialist market economy? These questions should be deeply probed. This journal has invited 10 prominent economists to write articles for this purpose, to enlighten our readers.

### Why Must We Pursue Socialist Market Economy

Liu Guoguang [0491 0948 0342], vice president and research fellow of the Chinese Academy of Social Sciences:

Our understanding of planned, commodity, and market economies is a developmental process. For a very long time, people thought that socialism could only be a planned economy, especially a planned economy based on natural and product economies, and that a commodity economy was the antithesis of planned economy. At the beginning stage of the reform, the "Decision on Several Historical Problems of the Party Since the Founding of the Nation" suggested that commodities were produced and exchanged in socialism, but stopped short of mentioning a commodity economy. At the Third Plenary Session of the 12th CPC Central Committee, for the first time, it was mentioned that a socialist economy was a planned commodity economy based on public ownership; that meant that a commodity economy was able to accommodate a planned economy and vice versa, and that they were not opposites. This was a major breakthrough in economic theory, and a leap forward in the reform theory in our country. The political report tabled at the 13th party congress proposed that the plan and market were an internal unit. Precisely due to these breakthroughs in the 1980's, our country made big progress in ownership reform (enterprises' mechanism), market mechanism reform, and reform of the macroeconomic management system. But for a long time, people thought that a planned economy was the essence and special feature of socialism, and a market economy was

the essence and special feature of capitalism, and this hindered the reform from proceeding faster.

Can socialism pursue market economy? In fact, Comrade Xiaoping answered this question in 1979. When talking to Frank Gibney, deputy editor in chief of the American *Encyclopedia Britannica*, he pointed out: The argument that a market economy is confined to capitalist societies and a capitalist economy is certainly incorrect. Why can't socialism pursue a market economy? He made the same remarks in 1985. But many people did not accept his point of view. Early this year, Comrade Xiaoping repeatedly stressed during his tour of south China that plan and market are economic means, which can be used by capitalism and socialism.

In the 1980's, a planned commodity economy was proposed in our country, but there were two different viewpoints on whether the plan should be the mainstay or the market should be the mainstay. Although we all held that plan and market should be integrated, some people suggested that the plan should be primary and the market should be supplementary; some comrades stressed that the market should be primary and the plan should be secondary. The concept of a "planned commodity economy" could not solve this kind of controversy. Theoretically, a commodity economy is the opposite of natural and product economies, and, in the early 1980's, we did not have the concept of resources arrangement, whereas resource arrangement is a core problem in economic theory. The capital, materials, manpower, and land resources in a country are limited, but people have unlimited problems to solve. Therefore, we run into the problem of resources arrangement in economic development. How can we rationally arrange limited resources? This is a problem we must consider, especially in collectivized, large-scale production. There can only be two ways to arrange resources. The first way is to use the changes in prices and supply and demand, that is, use the market to arrange resources; the second way is to let the government use administrative orders and targets to distribute resources. In the past, we did not have adequate awareness on this issue.

Judged from the global situation, the market economy came into being when the commodity economy had developed to a certain stage. The commodity economy existed in ancient times, but a nationwide unified market did not exist in that time; only when a unified market has taken shape inside the country can market economy exist. After the discovery of the new continents, a world market took shape, and international division of labor based on the principle of relative interests began. Inside and outside the country, resources were arranged according to the law of value, new industries emerged, and the commodity economy developed to a higher level, so a market mechanism was needed to dispose of resources. However, when the market economy developed in the 18th and 19th centuries, periodic economic crises occurred. Therefore, the theory of scientific socialism emerged, and the idea was to replace the market with a planned economy in resources



arrangement, as well as replacing the market economy. After the emergence of the system of socialist economy, the world economy split into two poles, one of which presented the socialist countries practicing a planned economy and using plans to arrange resources. The other pole represented capitalist countries, which gradually discovered the shortcomings of the market economy, especially during the big crisis in the 1930's, so they absorbed the economic means of planning and government intervention used by socialist countries. Due to wars, especially World War II, the controlled economies in some countries practicing market economy obtained development, and they adopted the resources arrangement means which were similar to the planned economy, and of course, their foundations of economic operation were still private ownership and market economy. After the war, Keynes' theory was implemented, and some governments carried out a long-term policy of controlling foreign exchange and currency, and gradually established macroeconomic control over the economies in their countries. In this way, they strengthened their controlled economies during the wartime period, exercised government intervention during the period of peace, and some countries also used guiding plans. Capitalist countries learned about planning, government intervention, and social welfare policies from socialist countries. Of course, their basic conflicts remained unresolved. But generally speaking, because these countries adopted the above-mentioned measures, plus scientific and technological revolution, they developed very fast. On the other pole, socialist countries practiced planned economic management which was highly centralized, and almost completely excluded the market. We cannot completely deny the role of the planned economy. In the beginning, the Soviet Union had to deal with the encroachment of imperialism and concentrate strength to build national defense; the CPSU had to build the Soviet Union from a backward country into an advanced industrial nation. Planned economy played its part. Shortly after the founding of our nation, we relied on planned economy to concentrate resources to launch 156 projects, and we scored results in implementing the planned economy system. When the scale of economy expanded, its structure became complicated, demands and techniques changed continuously, and varieties increased; then, the shortcomings of centralized management emerged. To develop the economy in a peaceful environment, and as the economic life becomes diversified and complicated, the market becomes increasingly important.

Judged from the global situation, the resources arrangement method dominated by the market and the resources arrangement method dominated by the plan have different effects on economic development. We must participate in the competition for scientific, technological, and economic strength in the international community. The world's economy is developing in the direction of internationalization and unification, our economic operation cannot leave the track of the world's economic operation, and we cannot refuse to learn from

market economy simply because capitalist countries have engaged in market economy; we should absorb every advanced result of human society in a bolder manner, and use the market as the main means to dispose of resources. Of course, the market economy has its own shortcomings, and necessary government management and planned coordination should not be abandoned, but should be appropriately strengthened.

Our future reform should proceed further down the road which we have followed in the past 13 years, and that is, in the market-oriented direction. We should expand market mechanism, further reform planning work according to the demand of the law of market economy, change the concept of planning, change the mechanism of planning, get rid of the resources arrangement method which was based on administrative orders, and gradually establish a resources arrangement pattern which organically integrates plan with market and which is based on market mechanism, that is, a new system of socialist market economy.

#### **Socialism Should Righteously Pursue Market Economy**

Professor Gao Shangquan [7559 1424 0356], vice minister of the State Commission for Economic Restructuring:

Comrade Xiaoping pointed out in his southern tour speech that the essence of socialism and the essence of capitalism are not to be distinguished by more planning or more market. Planned economy does not equal socialism, and capitalist countries also have planning; market economy does not equal capitalism, and socialism also has market, and both plan and market are economic means. Comrade Xiaoping's speech is the scientific conclusion to a long controversy regarding planning and the market, and has innovatively developed Marxist political economics; it has an important guiding significance for our country's reform of economic system.

#### **The Socialist Market Economy Is an Inheritance From, and Development of, the Planned Commodity Economy**

Can a socialist country engage in market economy? Regarding this question, Comrade Xiaoping pointed out in 1979 when meeting Frank Gibney, deputy editor in chief of the American *Encyclopedia Britannica*, that the argument that a market economy is confined to capitalist societies and capitalist market economy is certainly incorrect. Why can't socialism engage in a market economy? Market economy budded in feudal society. Socialism can also engage in market economy. At present, we have all agreed that socialism can also pursue market economy, and theoretical circles have a basically identical view on this matter. We still have no consensus on whether we should put a modifier before market economy. Some people suggest "market economy under socialist conditions," some people want "market economy under macroeconomic regulation and control," some people propose "market economy socialism," and some people do not agree with putting a modifier before



market economy and want to just call it "market economy," but most people think a socialist market economy is better.

Market economy is an outcome of the development of commodity economy. Our understanding of commodity and market economies is a process. In the past, we thought market economy was capitalism; in fact, the market existed long before capitalist societies, and it existed in the later period of the slave societies. Of course, these were primitive and rudimentary markets, unlike the markets we see now. A market is not related to a social system, but is related to social division of labor and production of commodities. Lenin once said: Wherever there is social division of labor and commodity production, there is market. When social division of labor and commodity production develop to a certain degree, the market will also develop to a certain degree. Our country has had markets since ancient times. In simple words, a so-called city means a castle plus a market. An ancient book contained this information: "To protect the king, build the castle," "which is a market during daytime." Such a place was called a city in the old society. After liberation, they are still called cities despite the fact that ours is a socialist society. Before the reform, the country had 192 cities, and the number has now increased to 488. Over the past 12 years of reform and opening up, the number increased by nearly 300, and the reason is because, since reform, commodity production and market development have continuously increased, and many cities have developed from small towns. From the history of development of cities, we can see that the market plays a very important role.

Reform must be guided by theory; otherwise, the reform is a blind one. Since reform, our theory has continuously developed. In the past, when we mentioned "profits," some people could not accept it, not to mention a commodity economy. We all know that Comrade Sun Yefang [1327 0396 0455] was criticized for suggesting that socialism should establish the concept of profit; at that time, there was a viewpoint that "profit" was a concept of capitalism and that socialism could only mention "earnings." Thereafter, some economists mentioned "commodity economy," then some people said commodity economy was a thing belonging to capitalism and that socialism could not engage in commodity economy; so they were also criticized. The "subsistence right" of commodity economy was not settled and legalized until 1984 by the promulgation of the "Decision by the CPC Central Committee on the Reform of Economic System." In fact, since socialism has production and exchange of commodities, it must have commodity economy. In 1984, the CPC Central Committee clearly pointed out, in its "Decision on the Reform of Economic System," that socialist economy is planned commodity economy, and this was a development of Marxist political economics. Our reform of the economic system has scored world-renowned results and this is closely related to the breakthrough in theory.

To expedite the reform and opening up, it is very urgent to further develop the theory. At present, the theoretical field generally thinks that we should clearly propose a "socialist market economy." Does the proposal of this concept negate a "planned commodity economy" then? No. It is an inheritance from, and development of, the original "planned commodity economy," and it is not contradictory to it, but is consistent with it. Be it commodity economy or market economy, they have to observe the law of value, and there has to be competition to retain the best and eliminate the poor; except for a very small number of commodities which have a bearing on the country's interests and the people's well-being, an absolute majority of commodities should have the restrictions on their prices lifted, and have their prices determined by the market. I think that these several conditions are applicable both to commodity and market economies. The inevitable outcome of development of commodity economy is market economy. Therefore, commodity and market economies are not different in essence.

The socialist market economy is a development of the commodity economy. The development rests on the idea that a so-called market economy means economic operation is based on the market, and it has been made clear that the market is the basic method to arrange resources. Both commodity and market economies are economic means, but the former stresses production for the sake of exchange, and the latter emphasizes the use of the market mechanism to arrange resources. Practice has proved that the market is an effective means to dispose of resources and provide incentives. Therefore, the establishment of a new system of socialist market economy can precisely and scientifically reflect the goal of economic restructuring in our country. In the past, when a planned commodity economy was mentioned, some people were inclined to understand it as planned economy, thinking of it as a "planned economy with commodities." Of course, most comrades understood it as a commodity economy, which was given the emphasis. The explicit proposal of a socialist market economy will prevent the above-mentioned misunderstandings. In addition, regarding the integration of plan and market, there used to be a controversy over whether they should be integrated stiffly as two separate parts, or in some other way. Now, since we have proposed socialist market economy, this kind of controversy becomes unnecessary. In the past, some people suggested that planning is one part and the market is another, large and medium-sized enterprises should follow plans, especially mandatory plans, and small enterprises be regulated by market. How can we invigorate our enterprises and push them to the market according to this way of thinking?

#### Market Economy Does Not Equal Privatization

Is engaging in the market economy engaging in privatization? Some people think that market economy equals privatization. I think that market economy does not equal privatization. The market economy pursued by

capitalism is related to privatization, and it is a market economy based on private ownership. The market economy pursued by socialism is related to public ownership, and it is a market economy based on public ownership, despite the fact that market economy is basically similar to capitalism's market economy in terms of method. The difference does not rest on market economy, but on ownership systems. When we pursue market economy, our public ownership occupies a predominant position, the principle of distribution according to labor and the policy of common affluence for all are observed, and the political power is in the hands of the Communist Party. If we adhere to these several conditions, what we pursue is socialist market economy. Public ownership also exists in capitalist countries. In countries such as France and Italy, public ownership occupies certain proportion, and some enterprises are quite vivid. The World Bank once issued a research report, entitled "Factors Determining the Success of Public Enterprises." It analyzed the 500 largest enterprises in the world—excluding the United States—and found that 71 are public enterprises, and that they account for 19 percent of the total sales volume, 21 percent of the total value of assets, and 21.4 percent of the total number of staff. This indicates that as long as public enterprises have a good mechanism and a competitive demand-side market inside and outside the country, they can be run well. The fact that many state-owned enterprises in our country have enhanced vitality since reform also fully illustrates this point.

#### **Socialism's Economy Does Not Exclude Planning's Role**

Does engagement in market economy exclude planning's role? No. Socialist economy has public ownership which is in the dominant position, and it has overcome the conflict between collectivized production and private occupation of means of production which is characteristic of capitalist countries. It is possible for socialist economy to bring about an overall coordinated development of national economy. But possibility is not reality. If a coordinated development of national economy could be realized by realizing public ownership, then there is no way to explain the big fluctuations in our economic development in the past. Hard efforts are required to turn this possibility into a reality. First, planning must be scientific; second, planning must follow the law of value; and third, planning must consider the law of supply and demand. By so doing, there is a foundation for turning possibility into a reality. We stress the market's role, but it does not mean the market is omnipotent. The role of government and planning is still very important. The problem is, we have to change the function of planning and the government's role in economic management. First, the original pattern of using plans to control microeconomic matters must change to a pattern of using plans to control macroeconomic matters, such as balance between total supply and total demand, industrial policies, taxation policies, distribution policies, and regional development; the role is to make up for the inadequacies of market, for example, development of

basic industries and charitable undertakings, and correction of market mistakes. Second, the role must change from the original pattern of direct regulation and control to a pattern of mainly exercising indirect regulation and control; it must change from the original pattern of direct management of manpower, finance, materials, production, supply, and marketing activities of enterprises to indirect regulation and control using economic levers (such as interest rates, taxation rates, foreign exchange rates, and various policies); and it must change from the work in evaluating and approving projects and distribution of money and materials to the use of economic means. Therefore, the more developed the market, the more need to strengthen macroeconomic regulation and control. The engagement in socialist market economy will not exclude planning, but will improve planning.

#### **Establish the "System of Socialist Market Economy"**

Professor Yu Guangyuan [0060 0342 6678], member of the Central Advisory Commission:

When considering the goal of the reform in our country, I support the formulation of a "system of socialist market economy." In principle, I have no objection to the formulations of "planned socialist market economy" or "socialist planned market economy," but I do not agree with using them to substitute for a "socialist market economy."

Why do I have no objection to them? Because I think that when the goal of reform—a system of socialist market economy—is realized, the highly centralized planned economy will no longer exist, but this does not mean that economic development by then will have no planning. I think that improving planning is an important aspect of societal advancement, because planning is nothing more than: 1) Human society can foresee its socioeconomic development, whereas the improvement of planning is an improvement of the degree of this kind of foresight. 2) Human society not only can foresee its future socioeconomic development, but can also take actions beforehand to influence such development, whereas the result of such influence can also be foreseen, and this kind of foresight is also in the domain of planning. The improved ability to foresee the influenced result is also a manifestation of improved planning. 3) A thing must have its own objective conditions and laws of development, and this will not change according to people's will, and planning is to admit these objective conditions and laws, profoundly understand them, and not ignore these objective conditions and laws and move without considering them, because, if we do that, the planning we are talking about cannot be realized. 4) And finally, planning is related to its objects. The development of things which cannot be affected by the people's will and strength has nothing to do with planning. Seeing something, people can give planning to its development, or even give it planning of a higher order, but they cannot do the same to some other things. However, people may use different planning which has different

manifestations in different things. Planning for different things is only distinguished by how difficult people can make them, and things of different quality cannot be compared in terms of quantity, so they cannot be distinguished by saying which one is superior and which is inferior. The higher or lower order of planning is a kind of assessment of the anticipation of the development of the things which have the same quality and of the action to be taken beforehand; it belongs to evaluation of the things in mankind's subjective world. The difference in the objective things, which are objects to receive planned actions, does not determine the higher or lower order of planning, while human societies differ in the ability to acquire this kind of foresight capability and to use actions to affect the development of things with foresight. To apply this general philosophical reasoning to the topic we are talking about, we can see that the planning refers to a same thing, that is, planning for development of a national economy, and the higher or lower order of the planning can be evaluated. Then, we can say, and we should say, that under the old planned economy system, planning was not very sound, whereas under the system of socialist market economy, we can, and we should, achieve a higher order of planning compared with the planning in the past, and the problem is whether we are good at formulating and implementing plans. Therefore, abandoning the highly centralized planned economy does not equate to abandoning planning, nor does it mean that national economy will no longer develop in a planned manner. Therefore, I think that the wordings of "planned socialist market economy" or "socialist planned economy" themselves are not wrong. Whether they are realistic things depends on practice.

Why am I not advocating such wording? This is because, first, such wording can easily lead to a misunderstanding that the new system is still the planned economy system of the past. Amid such wording, plan and market are placed in close or even equal positions. Second, the problem we have to solve now is not the problem of whether we want planning or not; furthermore, the higher or lower order of socialist economic planning is a matter for the one who formulates and implements it, and there is no need to have some kind of wording to open a road for oneself. Today, we have to establish the goal of a socialist market economy system, and a deliberate adding of the "planned" modifier is seemingly not beneficial. Third, the experience we have acquired since the Third Plenary Session of the 12th CPC Central Committee proposed the "planned commodity economy," has shown that such a formulation will somewhat hinder the development of a socialist market economy. It makes people think erroneously that a commodity economy can have a socialist nature only when it receives a certain kind of planning characteristic of non-commodity economy. At present, if the word "planned" is added before the words "socialist market economy" or inserted within them, it is also easy to create the same kind of misunderstanding.

In the process of building a new system of socialist market economy, we have to do two things: On the one hand, we have to develop a socialist market economy, enable the weight of the market economy to increase rapidly and the system of socialist market economy to develop and mature. In the 14 years after the Third Plenary Session of the 11th CPC Central Committee, market economy greatly developed, but generally speaking, it was still very inadequate. At present, our country's socialist market economy is still very immature, and has a certain kind of rush nature. We have to finish walking this road, which took a long time to walk in the past, in a short period of time. On the other hand, we have to reform the planning system, and abandon the old and highly centralized planned economy system.

We must approach the development of the socialist market economy system from two directions: First, we must look at it from the angle of the mainstay of the activities of a socialist market economy, that is, the economic organizations and individuals taking part in this kind of activity, and we must transform them and make them more suitable for the demand of a socialist market economy; second, the objects entering a socialist market must be expanded, and special attention must be paid to expanding the products market into a production factors market and financial market. Regarding the things which are very important to the development of a socialist market economy in our country, but which are prone to create speculation—such as stock exchanges—we must recognize that they are indispensable to a mature and developed system of a socialist market economy. We must do the work well.

#### **Goal of Reform: Establishing a Socialist Market Economy**

Wu Jinglian [0702 2417 8834], research fellow at the State Council's Development Research Center:

The essence of reform is to build a system of socialist market economy to replace the original, centrally planned economy system which was characterized by the use of administrative orders to dispose of resources. The practice of reform in our country has already proved that market-oriented reform is a road we must take to revive socialism. In fact, without the successful market-oriented reform over the past 10 years or so, we would not have the prosperous situation today. Therefore, although in recent years some theorists tried hard to reverse the historical wheel, in an attempt to return to the system dominated by centrally planned economy, their efforts eventually failed to score results. It is the prevalent tendency of the day, and the people's will, to follow the road opened up by the Third Plenary Session of the 11th CPC Central Committee and the Third Plenary Session of the 12th CPC Central Committee; it is irreversible. Now, what we see is this: Our country's economy has greatly developed over the past 10 years by following the road of reform and opening up stipulated by the Third Plenary Session of the 11th CPC Central Committee, and many problems which were food for



controversies have now been clarified. We should further develop our theory according to progress in actual life. Under these kinds of conditions, making it clear that the goal of the reform in our country is to build a socialist market economy system will be very necessary and beneficial.

Some comrades think that since the formulation of planned commodity economy by the Third Plenary Session of the 12th CPC Central Committee has been accepted by the people, there is no need to have another new goal. However, "commodity economy" does not have a root in the original works by Marx, and is not a term generally used in modern economics; it cannot highlight the characteristics of the operation of a kind of economic system, nor is it able to pinpoint its basic means to dispose of social resources. Furthermore, commodity and market economies are two mutually linked concepts, and they define a same economic type from different angles. Commodity economy is an economic type opposite to natural economy. Under the actual conditions in our country, it is an economic type opposite to product economy, whereas market economy is a concept opposite to "centralized planning" or "controlled economy."

In the early period of development of our country's history, commodity economy had already developed extensively, and by the 10th century, paper money appeared in China, 600-700 years earlier than in West Europe. Despite the fact that when commodity exchange existed, market existed, in ancient China, market mechanism did not occupy a key position whereby it could arrange labor and materials in the society. Therefore, the precocity of commodity economy in China does not mean that the economy was a market economy in ancient times. Market economy is commodity economy with a certain degree of collectivization. In market economy, market is the basic factor arranging social resources. The essence of our country's economic restructuring is to use the resources arrangement method which is based on market mechanism, to replace the resources arrangement method which mainly relies on administrative orders. In this sense, socialist economy can be called market economy.

The proposal of the goal of "socialist market economy" is more explicit and precise than the "planned commodity economy" or "socialist commodity market." Perhaps some comrades will have some doubts, which are mainly: 1) "Planned economy equates to socialism, and market economy equates to capitalism;" 2) the practice of "market economy" means this kind of economy is dominated by the blind force of the market, and this will lead to an "anarchy of production;" 3) the function of the law of value will cause polarization between the rich and the poor.

The above-mentioned arguments are incorrect, and have been overthrown or amended by practice. We think that: 1) Even in the international community, not all economists hold that "market economy equates to capitalism

and planned economy equates to socialism." Yes, the "Decision" by the Third Plenary Session of the 12th CPC Central Committee made it very clear that the difference between the two is the difference between their ownership systems, and not something else. 2) Planned arrangement of resources cannot guarantee that the economy will develop free of crisis, and this point has been concluded by Stalin citing the practice in the Soviet Union. Conversely, on the premise of perfecting the market, and by supplementing it with planned guidance, it is possible to reduce economic fluctuations and avoid serious crises. Regarding this point, we may obtain some hints from the economic developments in post-war Japan (in fact, not just Japan, but the "four small dragons" who practice the "Asia-Pacific model" are practicing this kind of government-guided market economy). 3) The law of value will enable the people with abundant resources and talent to become richer, and make the people with scarce resources and talent poorer. However, practice proves we can prevent income polarization if we can do the following things: First, pay attention to equality in the primary round of distribution; second, adopt the measures such as progressive income tax and high inheritance tax on the one hand, and on the other hand, adopt welfare measures for the low-income stratum. This is particularly true under the socialist system in which the working people grasp the political power.

Judged from the process of economic restructuring in our country, although there is a currency used in the national economy, and the commodity economy has had a relatively big development, we cannot say that we are arranging resources using a market mechanism. According to modern economic analysis, to dispose of resources through the market, we must first have a price system which can reflect the degree of scarcity of resources; at present, such a system has not yet been established. The serious lagging in the building of a market mechanism has already become a main obstacle to the effective role of the new economic system. Under these circumstances, a reunderstanding of the market economy is of great theoretical and practical significance. The establishment of the goal and model of a socialist market economy will clarify the direction in which our country's reform and opening up develop, and create cohesive force, so as to enable China's modernization undertaking to embark upon the road of fast-paced development.

To conclude, we must firmly grasp the rare opportunity which is arising at this moment, plan and implement carefully, overcome the conflict between the overall demand for building the socialist market economy and the fact that the market economy can hardly develop fast from the traditional system, and establish a basic framework of socialist market economy as soon as possible, so as to enable it to begin operation; then, on this premise, improve and upgrade it, whereas the reforms of various systems must proceed in a gradual and orderly manner, and start from this basis. However, the speed of the



process of each step must be accelerated, so as to rapidly realize the goal of socialist market economy and lay a firm foundation for economic takeoff in China.

#### **Better Integrate Market Function With Government Function**

Zhao Renwei [6392 0086 0251], research fellow at Economic Research Institute of the Chinese Academy of Social Sciences:

Our country's economic reform is, generally speaking, market-oriented. Only when we can make it clear that a socialist market economy is our goal can we say without any ambiguity that the essence of economic reform is to transit from a product economy to a market economy; that is, in concrete terms, to transit from the highly centralized planned economy characterized by mandatory arrangement of materials to a market economy characterized by macroeconomic regulation and control and planned guidance. Clearly stating this goal is helpful to overcoming various concepts of product economy, for example, the concept which thinks that without mandatory plans for enterprises, there will be an anarchic situation of production. In addition, we should also realize that our country is a developing country, and the degree of collectivization of production is not high; for example, agricultural production is still characterized by a high degree of self-sufficiency. Even in cities, the traditional concepts and methods of natural economy and self-sufficiency such as "enterprises running the society" and "units running the society" are still quite influential. Therefore, making clear that we have to pursue market economy in a developing socialist country like ours is, in fact, to more consciously realize the two transitions; that is, transition from a natural economy to a market economy, and transition from a product economy to a market economy. In these two transitions, the duty of reform and the duty of development are intermingled. Of course, in the transition from natural economy to market economy, the factors of development should be more; in the transition from product economy to market economy, the factors of reform should be more. No matter what, only when we can expedite the realization of these two transitions can we expedite the process of reform and development.

One important area of building socialist market economy is to distinguish market function and government function. Establishing the goal of socialist market economy does not mean following the road of laissez faire, or completely abandoning government intervention; it means a proper distinction between market function and government function, and enabling the two to better integrate. I agree with the following principle: Whatever the things which can be done by the market, the government should not interfere; whatever the things which cannot be done by the market, the government must take control. For example, the production, supply, and marketing activities of enterprises should be handled by the decisions made by the enterprises themselves according to market signals, and the government need

not directly interfere but need only formulate plans concerning the market. However, the areas such as infrastructure, environmental protection, and basic education cannot be all handed over to enterprises for them to run, and the government must carry out intervention. In this area, I think special attention must be paid to the following two points: First, we must make efforts to reduce direct intervention (control) and learn indirect intervention (control), because under the traditional system, our government departments were accustomed to the method of direct control, and not familiar with indirect control. In market economy, the main means of macroeconomic management is indirect control, whereas indirect control is a kind of control method which is more difficult to master than direct control. We must work hard to learn this kind of control method from foreign countries and, taking the actual situation of our country into consideration, use it to develop socialist market economy. Second, the degree of government intervention must be decided according to our country's actual situation, and we must not blindly copy from the methods used in other countries. For example, according to Lawrence Summers, vice president of the World Bank, who gave a speech in July of this year in China, the world economic trend in the 1970's and the 1980's was an emphasis on reducing government intervention, but in the 1990's, it is an emphasis on increase in government intervention. However, in my opinion, as far as our country is concerned, for the sake of continuing the deepening of reform, further reducing government intervention is still an important duty. In concrete terms, the things which can be handed over to the market to do must continue to be handed over to the market. Of course, the government should gradually acquire the ability to manage less but well, that is, seriously and effectively manage the things which should be managed by the government. Some economists think that market economy plus a strong government is a very good experience. If a strong government means it can manage less but well, I think it is quite reasonable.

The experience in reform over the past 10 years or so tells us that economic reform is a very difficult undertaking, and we will meet with various kinds of difficulties and obstacles in the process of reform, among them some are even unexpected, to the extent that we cannot fulfill our wishes. Therefore, only when we can analyze various difficulties and their causes, and adopt corresponding measures, can we deepen the reform. For example, according to the demand of market-oriented reform, the degree of marketization and monetization in the whole economy should continuously increase. However, in the course of the practice of reform, a tendency which is opposite to this tendency exists, and that is, the tendency of physical deals and nonmonetization exists. Within the income of urban residents, the proportion of monetary wages has decreased, while government subsidies and other physical awards have increased. It has now become a big difficult problem to overcome this tendency in upholding the market-oriented reform and developing socialist market economy. As we have said

before, the concept of natural economy has a tradition in our country, and even in the big tide of developing commodity and market economies, we can hardly cast off this kind of influence by natural economy. I cite these difficulties not to scare people, but to overcome them in a positive manner, so as to properly develop socialist market economy.

#### **Build Market Price System and Promote Development of Socialist Market Economy**

Zhang Zhuoyuan [1728 0587 0337], director and research fellow of the Institute of Finance, Trade and Commodities Economics, the Chinese Academy of Social Sciences:

The goal of economic reform in our country is to build a new system of socialist market economy, so as to expedite modernization construction. For this purpose, it is necessary to establish a competitive market system in economic operation, and develop a nationwide, open, and competitive market system, whereas the building of a sound market price system is the core and crucial point of forming a competitive market system. Precisely because of this, price reform and a change of price forming mechanism are the most important in the whole economic reform, especially in the shift of track of the economic operation mechanism.

The building of a market price system means prices are not extensively formulated and adjusted by the government, but return to market exchange, in which they are formed by the negotiations between the buyers and sellers, so that prices can fully reflect the relations between supply and demand in the market, and reflect the degree of scarcity of resources, leading to a rational arrangement and economical use of the economic resources in the society, and enabling social production and social need to combine more closely.

The practices of economic development in various countries have proved that, up to now, the market is the most effective means and method for arranging resources. All trades and products entering the competitive market have the most efficient production and management activities under market guidance; even the monopolized resources products and the public products and services must fully consider market relations and respect the law of value. Many economically developed countries, including the newly developed industrial nations and regions, have relied on market mechanism to extensively launch the competition to retain the best and eliminate the poor in order to walk toward economic prosperity step by step. In economy, we must strive hard to catch up with the economically developed countries and regions, cast off poverty and backwardness, and realize the strategic goal of economic development, so we must more courageously, extensively, and fully use market mechanism, which is a workable means, to improve arrangement of economic resources, improve macroeconomic returns and microeconomic efficiency, and expedite effective economic growth. The core of the market is

price, and the core of market mechanism is price mechanism. To give full play to the positive rule of market orientation, and to give full play to the role of market mechanism to optimize resources arrangement, the first thing to do is to have a price structure which is more reasonable and is not distorted, so as to provide more precise signals to the producers, operators, and consumers in the whole society, and to act as the main reference for various economic subjects when they make decisions concerning production, operation, and consumption. A reasonable price structure cannot drop from the heaven, nor can it be made by government regulations, but must be formed in a nationwide, open, and competitive market; the more open, unified, and competitive the market, the less possibility that the price structure is distorted, and more capable it will be to become reasonable and always maintain the reasonable condition. Therefore, market price system is the prerequisite to enabling market price signals to be free from distortion and to giving full play to market mechanism.

Of course, we must also realize that the market and market mechanism are not omnipotent. The practices of economic development in various countries have also proved that due to the external nature of economy (some economic activities have low economic returns but high social returns, and some have high economic returns but jeopardize social interests), existence of public products and services, growing monopolization caused by competition, irrationality in consumption choices, and unequal distribution of income, have made the market out of order or ineffective, and the government is required to tackle the phenomenon of loss of effectiveness in certain areas of the market. When the government tackles this problem, it is conditional and must pay a cost. The intervention should not bring about a loss of effectiveness in the government. Attention must be paid to this when government intervention is to be carried out. Due to the existence of the phenomenon of loss of effectiveness of the market, at present, no country in the world is practicing so-called complete market economy, and there is always certain kind of intervention or control by the state in economic activities. In particular, in the developing countries, where the economy is about to take off, the market mechanisms are not sound, the social and basic facilities are inadequate, and the number of adventurous entrepreneurs and professionals cannot meet need, the governments must play the role of an important investor and entrepreneur mainly in the area of social and basic facilities. Corresponding to this, in all the countries practicing market economy, not all the prices are open and regulated by market, and various countries must heed the concrete conditions in their own places (including institutionalized and noninstitutionalized), and carry out intervention in some prices in different domains and at different degrees, so as to form a not-so-complete market price system.

The market price system under the socialist market economy in our country also has its own special features. Generally speaking, the market price system we have to

build is not completely laissez-faire, but is guided by plans and controlled by macroeconomic policy. First, this price system is not to open the prices of all commodities, but to open the prices of an absolute majority of commodities and labor; the prices of a small number of monopolized resources products and public products, and the fees of some important services must be fixed by the state. They include the prices of crude oil, natural gas, and a small number of rare metals; the fees of public transportation in cities, piped water, gas, power from combined electric netting, railway transportation, and posts and telecommunications; rents for welfare houses; insurance fees of charity nature; and so on. Calculated on volume of transaction, the proportion of prices to be fixed by the state should be 20 percent, which may be the appropriate ratio. The products whose prices are to be fixed by the state may be mostly means of production at this time, and mostly means of consumption in the future. Second, the open prices are not completely laissez-faire, but must be restrained by market regulations which reflect the law of commodity exchange, for example, prices are fixed according to sizes, and products of equal quality have equal prices. In special situations, in order to stabilize the market, temporary administrative intervention can be employed. Third, the state mainly uses economic means and policies to regulate and control macroeconomic prices, that is, the general level of prices, and some strategic prices such as interest rates, wages, and foreign exchange rates, to prevent big fluctuations in the general level of prices which can affect economic stability. Therefore, this kind of market price system still embodies the principle of integration of plan and market.

To deepen the price reform and establish a market price system, apart from making clear the goal and orientation of the reform, it is necessary to create a good economic environment and conditions for carrying out reform rapidly.

The practices inside and outside the country have proved that inflation is not beneficial to economic stability and sustained economic development. It also hinders the change to market price and market economy, and will jeopardize the result of the earlier reform when prices keep increasing, leading to a reemergence of the original unreasonable price disparity. The normal operation of market prices and the smooth development of market economy have the existence of a buying-side market as a precondition. Therefore, to smoothly promote the price reform, the government should abandon the inflationary policy and bring about a stable economic development, furthermore, it should adopt the policy of promoting the price reform step by step and, even in a period when an intensive reform is carried out and more reform measures must be announced, the relations between straightening out prices and stabilizing prices must be properly handled, to prevent the rate of increase in the general level of prices from reaching a double-digit figure. We believe that by making efforts in about five years, at the same time as the economy develops

steadily, we should gradually open up the prices which should be opened up, and link the prices which should be linked, to the international market prices step by step, establish a system allowing the government to exercise macroeconomic regulation and control over prices step by step, and enable the inflationary pressure, which was suppressed by the traditional system, to be released phase by phase; under the conditions that a smaller price is paid and the price increase can be borne by various quarters, steadily realize the goal of price reform, and ensure that the socialist market economy operates smoothly.

#### **Recognition of Socialist Market Economy Will Promote Enterprise Reform**

Zhou Shulian [0719 0647 5571], director and research fellow of the Industrial Economics Institute of the Chinese Academy of Social Sciences:

The proposal of socialist market economy will create favorable conditions for further deepening enterprise reform in the following areas and will give enterprise reform a push:

First, it can help people to emancipate their mind and overcome the ideological obstacles to reform. Reform is a self-conscious action by the people, and the goal, step, method, and speed of the reform are, to a great extent, determined by the people's ideological understanding. Practice has proved that whenever reform moves a step forward, it will meet with an ideological obstacle and demand continuous emancipation of the mind. In a certain sense, we may say that emancipation of the mind is the crux of reform. China's reform proceeds under the guidance of the theory of socialism with Chinese characteristics initiated by Comrade Deng Xiaoping. We clearly remember that the proposal of the theory of socialist commodity economy has greatly pushed forward economic reform. Before that, many people did not admit that the socialist economy was a commodity economy, nor did they admit that state-owned enterprises were producers and operators of socialist commodities, and they struggled with the problem of whether the whole thing was surnamed "socialism" or "capitalism," to the extent of seriously hindering enterprise reform and economic reform. The theory of a socialist commodity economy has greatly emancipated the people's mind and enabled them to carry out the reform no longer in the old framework of the old system; they formulated the policies and regulations such as the "Enterprise Law" and "Bankruptcy Law," and promoted the reform. However, behind all these, many ideological obstacles have not yet been removed, and there are still different opinions on whether state-owned enterprises should have decisionmaking power on operation, whether they should take sole responsibility for losses and gains, whether they should become the main investment body, whether they should have the ownership right of a legal person, and whether they should play the role of socialist entrepreneurs; the crux is still the



problem of whether they should be surnamed "socialism" or "capitalism." Comrade Deng Xiaoping's southern tour speech has guided the people's thinking to a new realm, and has caused a new ideological emancipation in the whole country. Clearly recognizing the socialist market economy and meeting its needs will be helpful to completely overcoming many ideological obstacles to enterprise reform, and fulfilling the duty of changing enterprises' operational mechanism.

Second, it can help forming and developing a socialist market system. As producers and operators of commodities, enterprises cannot leave the market. One of the goals of economic reform is to form a sound socialist market system. This includes three meanings: First, the market system must be sound, and there should not only be commodities markets, but should also be factors markets. Second, the barriers between departments and between regions must be removed to form a nationwide unified market. Third, the market must be competitive, the market operation planning must be sound, and the market-pricing mechanism must be able to fully and effectively play its role. The proposal of a socialist market economy enables people to attach more importance to market function and price reform, and promote the formation of a socialist market system and its development. These are all important preconditions for the enterprise reform to be smoothly carried out.

Third, it can help coordination between enterprise reform and other reforms. Surrounding the enterprise reform, we must also carry out corresponding and coordinated reforms in the areas of planning, investment, finance, taxation, monetary affairs, price, materials, commerce, foreign trade, labor, wages, housing, and medical and social insurance. The proposal of a socialist market economy has enabled the goals and demands of economic reform to become clearer, and enabled the enterprise reform to better coordinate with other reforms and mutually promote one another.

Fourth, it can facilitate a change of government function and separation of government's duty from enterprises' duty. A change of government function should facilitate the abolition of the subordinated administrative relations of enterprises with the government, and this will facilitate separation of the government's duty from enterprises' duty. If this problem remains unresolved, enterprises can hardly make their own decisions concerning operation, nor can they take sole responsibility for losses and gains, so they cannot become the real producers and operators of commodities. Separation of the government's duty from enterprises' duty means that enterprises should not be the dependents of government, that the government has the government's duty while enterprises have their own duty, and that enterprises do not have subordinated administrative relations with the government. The phenomenon of no distinction between government and enterprises not only exists in socialist

societies, but once existed in feudal and capitalist societies. Judged from the history of these societies, enterprises becoming producers and operators of commodities was a process of struggle for independence. It was a process in which they freed themselves from being the dependents of government. Now we stress that the government should serve enterprises and this is a good phenomenon, but the crux is to abolish the subordinated administrative relations of enterprises with the government, and change the relations between the government and enterprises which resemble the relations between a mother-in-law and a daughter-in-law; if this kind of relation is not abolished, I am afraid that the government cannot serve enterprises well and that it may even strengthen unnecessary interference into enterprises. When the government's duty is separated from enterprises' duty, then, the government will no longer be troubled by the microeconomic matters of enterprises, and it can then properly carry out its duty of macroeconomic management. The proposal of socialist market economy means more importance is attached to the role of market, the role of enterprises, and the role of entrepreneurs, and it also means that the government's interference into the microeconomic matters of enterprises must be reduced. In a socialist market economy we may say that market is the base, and the plan is guidance. The government must provide conditions and build an order for the normal operation of a market economy; through macroeconomic regulation and control, guide economic activities in order to realize the fixed goals, and, at the same time, do well the things which cannot be done by the market or cannot be done well by the market. Recognizing socialist market economy is also helpful in clarifying the government's duty, and compelling the government to fulfill its own duty. All these are the conditions and guarantee for expediting enterprise reform.

But we must not think that a recognition of market economy will naturally promote enterprise reform and economic reform. Therefore, we must also do the work well in various aspects, to enable the above-mentioned favorable factors to change from a possibility into a reality.

#### **Deepen the Market-Oriented Rural Reform**

Chen Jiyuan [7115 0679 0337], director and research fellow of the Institute of Rural Development, the Chinese Academy of Social Sciences:

Taking market economy as the goal of reform can effectively promote economic development, and conversely, excluding market economy and managing economy mainly by administrative means will hinder economic development. This conclusion is not anyone's guess, but a scientific conclusion of objective experiences. Here it is mainly a conclusion of our country's experiences in economic reform for more than 10 years since the Third Plenary Session of the 11th CPC Central Committee, especially the experiences in rural reform, which scored great results. At the same time, there is no



need to deny that this conclusion also comes from a summation of the successful experiences acquired by the capitalist countries and regions, including the "four small dragons," who promoted economic development through market economy; furthermore, it has summed up the lessons from the former Soviet Union and some East European countries where market economy was excluded consistently, and reform did not score any substantive progress, to the extent of economic collapse and national disintegration.

Our country's rural reform scored great results in the 1980's, and agricultural production jumped to several new stages consecutively and induced a rapid development of the whole national economy. At present, our country enjoys economic prosperity and social stability, and this is closely related to the good situation in the rural areas brought about by the reform. At present, this point has become a consensus in the upper and lower levels in the whole country, as well as an opinion held by the knowledgeable persons outside the country. Our country's rural reform is an extensive and profound reform which involves the social, economic, and other aspects in the rural areas. It has tremendously liberated the productive forces in rural areas. To sum up the experiences, the reform is market-oriented, and through the reform, the factors hindering the development of market economy in the rural economic management system have been eradicated, and the natural economy in the rural areas has been given a push toward commodity economy.

First, in the early 1980's, the contract responsibility system on a household basis with remuneration linked to output was extensively established in the rural areas in the whole country, and peasants changed from passive labor forces under the people's commune system to commodity producers who have the decisionmaking power on production and operation. This gave full play to the enthusiasm and eagerness of peasants, while professional households, villages, and groups continuously emerged, thus, giving a powerful push to the deepening of social division of labor in the rural areas and to the upgrading of the degree of commercialization, bringing about a great economic development in the rural areas.

In addition, since the beginning of the rural reform, township and town enterprises have developed rapidly. Practice has proved that the reason why township and town enterprises, whose subjective and objective conditions are far less favorable than state-run enterprises, can have such strong vitality and "not even a prairie fire can destroy the grass; it grows again when the spring breeze blows," is because they are market-oriented, and that is their secret; they decide and regulate their own behavior with market mechanism, jump to the sea of market competition, and follow the rule of survival of the fittest. Furthermore, the reform of the system of centralized purchase and distribution of farm products, and the continuous reduction of the variety and volume of farm products purchased and distributed in the centralized

way, have pushed more and more farm products to the market, opened up prices, and forcefully promoted the economic development in the country's rural areas. Aquatic products, fruits, poultry, vegetable, and other farm products which have had the restrictions on their prices lifted in the market earlier, have experienced great increases in output and continuous improvement of quality.

The above-mentioned three aspects fully illustrate that our country's rural reform, which is market-oriented, was indeed the great force promoting rural economic development over the past 10 years or so. At present, the comprehensive commodity rate of farm products has become the indicator showing the level of economic development in our country's rural areas. In the whole country, the comprehensive commodity rate of farm products has increased from the 30 percent in the past to the current 60 percent. In Guangdong's rural areas, where the level of economic development is higher than the average in the whole country's rural areas, the comprehensive commodity rate of farm products has reached 70 percent, whereas in the Zhu Jiang Delta, which tops other areas in Guangdong, the comprehensive commodity rate of farm products has reached 90 percent.

The market-oriented rural reform was the main force promoting prosperous economic development in our country's rural areas in the 1980's. At the same time, the further deepening of the rural reform, which is market-oriented, is the promise allowing our country's rural economy to scale new heights in the 1990's, and thus, to realize the goal of small-scale prosperity.

In a certain period to come, the deepening of the market-oriented rural reform will face three duties at three levels: First, at the microeconomic level, we must continue to uphold and keep improving the contract responsibility system on a household basis with remuneration linked to output, and resolutely safeguard the position and power of peasant households as commodity producers, and this is the crucial point in maintaining the developing trend of commodity economy in the rural areas. Second, at the middle level, we must grasp county-level reform; enhance county-level vitality; properly organize services for people before, during, and after production; and build a bridge linking small-scale production to the big market. Third, at the macroeconomic level, we must deepen the reform of circulation system, continue to open up farm products market, and straighten out the price relations between industrial and agricultural products and the price relations among agricultural products, to create a good macroeconomic environment for developing rural economy.

The reforms at different levels in the rural areas are mutually linked and mutually supportive, among which county-level reform has a uniquely important status and plays a uniquely important role. In our country, county is in the middle between province (city) and township

(town), and is a joining point between city and countryside and between industry and agriculture; it has the function of receiving things from the upper level and passing them on to the lower level, as well as the function of fostering bilateral ties; therefore, county-level reform is an important component part of rural reform, and properly grasping of county-level reform is the central link of promoting rural reform.

At the current stage, the county level is the converging and concentrating point of various social and economic conflicts in the rural areas in our country. These conflicts include the conflict between small-scale production and big market, the conflict between production and returns, the conflict between scattered operation and collectivized service, the conflict between urban and rural areas, the conflict between politics and economy, the conflict between the demand for modernization in the rural areas and backward industrial structure, the conflict between urban and rural structures, and so on. Therefore, the county-level situation has a direct bearing and influence on the whole socioeconomic reform and development in rural areas. Properly grasping county-level reform and fully arousing the enthusiasm, innovation, and initiative at the county level, can effectively and appropriately integrate the reform of microeconomic level with the reform of macroeconomic level in the rural areas, and push forward the market-oriented rural reform by an all-position and deep-level approach.

At present, millions of peasants in our country harbor a huge potential for developing commodity economy. In this time, one big obstacle to the full development of this huge potential is the fear of market risk among the peasants who have for a long time lived in the self-sufficiency economy, while individual peasant households are incapable of sustaining market risk. Under these circumstances, peasants strongly demand the building of a service system which can support them when they develop commodity economy. Therefore, enhancing county-level vitality through reform, changing the function of county-level government, and establishing a service system servicing people before, during, and after production, are ways allowing us to be completely able to push millions of peasants toward the market, and once again realize a new leap forward of the rural economy in our country.

#### **The Way By Which Our Country Converts to a Market Economy and the Problems We Should Pay Attention To**

Professor Rong Jingben [2837 2417 2609] of the CPC Central Committee's Editing and Translation Bureau:

At present, the international community views China as a concrete example of success in reform strategy. Outside the traditional system, the newly emerged state-run economy, township, and town enterprises, foreign-funded enterprises, private enterprises, rural household economy, and coastal export-oriented economy have greatly developed. Due to the development of market economy outside the traditional system, the state-owned

enterprises inside the system are compelled to face the market, and this has enhanced their vitality, and thus, production has developed, the market has become prosperous, the people's living standard has improved, and favorable conditions have been created for a further and thorough transition to market economy.

However, at present, the reform inside the traditional system is lagging far behind, and the original planned system's management methods and the government's departments in charge of economic management have seriously contradicted further development of market economy, therefore, it seems that the key point of the reform in our country should shift to the system itself.

At present, there are two points of view among economists. One viewpoint holds that we should carry out a radical reform inside the system and, in the next three to five years, carry out corresponding reforms in the areas of price, finance, taxation, monetary organs, shareholding enterprises, and social insurance system; it holds that we should streamline state organs and change their functions, and build a basic framework of a unified market economy, and then seek improvement step by step in the future. Another viewpoint holds that we should continue to carry out the progressive reform outside the system and let the reform spread to the system; increase the weight of reform so as to compel state-owned enterprises to further face the market and gradually pick up shareholding practice, reform the monetary organs step by step, develop capital markets, especially capital-lending markets (including stock markets), promote corresponding reforms in finance and taxation, develop the social insurance system, and appropriately expedite the price reform on the premise of the expanded market; and release some people from state organs for development of tertiary industry, so as to accomplish a change of government function step by step.

I think that we should carry out more comparative analyses of these different strategic plans. However, compared with the beginning stage of the reform, the difference and dispute between various reform plans are probably smaller. This is because, after going through the beginning stage of the reform, market force has already taken shape, and is continuously expanding. The conditions for expediting the reform are now available.

I feel that in the period of transition to market economy, we should pay attention to the following problems:

1. Stability of political power. It has been held from Marx to the contemporary Western conservative political philosophy that, in the transition period, stability of political power must be maintained; this is very profound. In the transition period, the compelling force of people's interest will experience big changes, and people will pay attention not to market innovation, but to struggle for political rights and power, and this will seriously affect economic development. An excessively radical or excessively gradual reform may all affect the

stability of political power. This may be an important yardstick when we try to get hold of how radical or gradual the reform should be.

2. Induced transformation should be the mainstay. At present, some East European countries and Russia have clearly said that they want to transit to capitalism, and even claimed that socialism was only a painful road transiting to capitalism. But these countries all went through the transition from capitalism to socialism. We should say that the goal of transiting to socialism is not wrong. It is nothing more than building a generally affluent society in which people's growing material and cultural needs are satisfied. However, the method has been wrong. First, the building of the system of administrative orders; second, the use of administrative orders to build this kind of system. Because the end is taken as the means, at present, some countries have changed the end but retained the means in an attempt to use administrative orders to set up the market and realize privatization, and to leap from utopian socialism to utopian capitalism. In fact, this is to adopt the method of compulsory system for changes, and superficially, it seems that changes are very rapid; however, it has high cost, little effect, and slow speed; whereas induced transformation of the system can respect the people's innovations and choices, and has low cost, good effect, and high speed. Being radical or gradual does not have necessary relations with compulsory or induced transformation.

The future reform should mainly be an induced transformation, and this is also an important yardstick measuring how radical or gradual the reform should be. Although the induced transformation may be gradual, it has low cost and good effect, conversely, adoption of the compulsory method to postpone or expedite the reform will end up with the payment of a high price.

3. Attach importance to spiritual civilization construction in the transition to market economy. The transition to market economy is consistent with the building of market economy civilization and morals. Development of market economy is never to make people greedy and selfish; it is to make people combine the pursuit of their own interests with the respect for the rights of others and with their duties toward the society.

To conclude, in the transition to market economy, we must still pay attention to upholding the four cardinal principles, because the goal we are working hard to realize is development of socialist market economy.

#### Market Economy and Socialism Are Unified

He Wei [0149 0251], professor at the People's University of China:

Logically, a recognition of commodity economy requires a recognition of market economy; the two are closely linked and inseparable. Judged from the actual situation of society, there has never been a market economy which did not contain commodity economy, and there has never been a market commodity which went without

commodity economy. Therefore, those who oppose market economy are in fact opposing commodity economy, or we may say that they are opposing commodity economy in another way.

Market and commodity economies all have a societal attribute in Marxist works, and they were very clearly lumped with capitalism. It was not until the publication of Stalin's book *Problems of Socialist Market in the Soviet Union* that they were liberated from the "capitalist" attribute, viewed as free of attribute of any society, and viewed as capable of serving capitalism on the one hand and socialism on the other. The distinction between commodity economy and capitalism removed the worry when socialism utilized commodity economy. We should say that this was an important ideological emancipation. Practice has proved that this conclusion by Stalin is correct and supported by a majority of the economists in our country. But people did not have a consensus on whether socialism needs commodity economy. The "Decision" on economic restructuring, adopted by the Third Plenary Session of the 12th CPC Central Committee, officially announced that the socialist market was a commodity economy. Under these circumstances, no one would openly oppose the proposal of a commodity economy, and they could only oppose market economy for the sake of opposing commodity economy. Everyone knows that market economy is an extension of commodity economy and is a carrier for realizing the relations of commodity economy, and that the two are inseparable. If there is no market economy, there will not be any commodity economy; speaking in a certain sense, the two are one thing.

Of course, commodity and market, and commodity economy and market economy cannot be completely identical. Commodity or commodity economy are spoken of in terms of opposites to product or product economy; market or market economy are spoken of in terms of opposites to plan or planned economy. In addition, judged from the developmental process of the two, they cannot be identical. The emergence of market should be later than commodity; market did not exist in the accidental exchange of commodities in the early stage. Only when the third round of the great social division of labor emerged, and when handicraft became an independent department, did the phenomena of commodity producers specifically satisfying the needs of others emerge. By then, the form of the market had been fixed, and the market had taken shape. But the market relations at that time were still in a lower form, and there were only the ordinary relations of products exchange. Thereafter, along with the emergence of merchants and development of commodity production, capitalism replaced feudalism, and the period of commodity economy began, and the market soon developed into a period of market economy. Although the market economy at that time still based itself on commodity economy, it surpassed commodity economy in many areas. For example, the emergence of labor commodity and various kinds of securities and their trading, the



gradual breaking off of paper currency from gold base, reputation and honor becoming a kind of commodity, and the trading and developing of futures all surpassed the commodity economy. After World War II, the free market economy developed into a modern market economy. So-called modern market economy refers to planned intervention, state control, emergence of transnational companies, economic coordination among various countries in the world, and the restraint from GATT; a general global market economy system has taken shape, and the economies in various countries have all been absorbed into this global market economy system and become a single whole, and no market in any country can exist independently beyond this global market economy system, while the market fluctuation in any country will cause a fluctuation in the world market. On the other hand, it refers to the possibility of control over the world market economy. Within a certain degree, people can use market mechanism to achieve this goal, or alleviate the unfavorable effects brought about by the market.

From the above illustrations we can see that within a certain degree, capitalist countries may also consciously utilize planning mechanism, and by this we cannot say that capitalism has no planning. Lenin pointed out: "As early as 1891, that is, 27 years ago, when the Germans adopted the Erfurt program, Engels said that we cannot say capitalism has no planning as we said in the past. This saying is outdated because, since there is trust, we cannot say there is no planning." (*Collected Works of Lenin*, New Edition, Vol. 29, p 353) Therefore, market economy is not opposite to planning, just like commodity economy is not opposite to planned economy. Otherwise, it is an outdated view.

Since market does not involve the problem of whether it is surnamed "capitalism" or "socialism," then capitalism may have planning, and socialism may have market, which is a means to dispose of resources. We should say that this is an important breakthrough in ideology, a great emancipation of the mind, and this is good when we try to further understand the relations between socialism and market economy.

The development of a modern market economy indicates that the degree of collectivization of the development of productive forces has already surpassed the sphere of a single country, that a global collectivization of productive forces has taken shape, and that these productive forces must be viewed as the world's productive forces. But capitalism's private ownership seriously restrains the demand for collectivization of these productive forces, and capitalism can only rely on the efforts by various governments to carry out consultations and coordination within its interest domain. On the premise of a balance between advantage and disadvantage, and between loss and gain, it can only sacrifice current interest through compromise, and safeguard the long-term interest of the bourgeoisie, so as to temporarily ease some conflicts. This illustrates that, objectively, the development of a modern market economy has prepared

an adequate material base for socialism, provided the state with a sounder means to exercise macroeconomic regulation and control, and enabled it to acquire precise information. The regulation by market and the introduction of state planning can better optimize the arrangement of natural resources, make their use more rational, and enable productive forces to develop rapidly, and all these are good for satisfying the people's needs. Market mechanism and the function of the law of competition can force enterprises to adopt advanced technology, improve management, and upgrade productivity, so as to give full play to the strong points of socialist system. Market economy's role in promoting productivity is a basic guarantee for the new system to beat the old one. Therefore, Marxists should not fear market economy; they should fully understand the internal unanimity between socialism and market economy, and better unify the two.

#### Commentary Hails Farm Produce Price Reform

OW2909141092 Beijing XINHUA Domestic Service in Chinese 0316 GMT 28 Sep 92

[Commentary by XINHUA reporter Jiao Ran (3542 3544): "China's Success, World's Miracle"]

[Text] Beijing, 28 Sep (XINHUA)—Nowadays, people in China are seldom worried about how to get fish, meat, rice, and vegetables. Every day, more than 70,000 produce markets are stocked with all kinds of fresh fruits and vegetables; live chickens, ducks, and fish; and different kinds of rice and meat. Housewives are already used to seeing such a prosperous scene. One of the retailers at Beijing's Haidian Market said that citizens are very picky now, and they only buy fresh vegetables, live fish, lean meat, and top-grade fruits.

All this shows the magic of China's agricultural product price reform. We can easily understand what a great success it is simply by looking back at the markets 10 years ago. A foreign journalist living in China for many years said the success of China's agricultural product price reform is a miracle in world history, given the fact that the country used to be highly centralized and discriminated against market mechanisms.

China has set a precedent in successfully bringing about the transition from a planned price system to a market price system.

Before the reform, China's agricultural product price system was rigid, centralized, and repudiated the market. At that time, as many as 113 agricultural products were sold at unified procurement prices set by the state. As many as 92.6 percent of agricultural products were sold at prices set by the state, a mere 5.6 percent were sold at prices regulated by the market, and 1.8 percent were sold at negotiated prices. This kind of price system seriously distorted the prices of agricultural products. A product was sold always at the same price, regardless of when and where it was sold. This had constrained agricultural production and impeded

product circulation. As a result, China could not rid itself of the ghost of farm produce shortage. It was hard to get chicken, meat, fresh vegetables, live fish, and enough grain.

After a short reform period of more than 10 years, fewer than 10 agricultural product items are currently sold at prices set by the state, and in Guangdong and Hainan Provinces, there are no state-set prices. We can say that the mechanism for setting prices for China's agricultural products has undergone a historical change, a system in which prices are set by the market has basically come into shape, and market prices have become a signal guiding China's agricultural production.

When Guangdong took the lead 10 years ago in liberalizing prices of aquatic products, causing a sharp rise in their prices, a fairly large number of people doubted whether the method of allowing price fixing by markets would benefit price system regulation. Doubts have now disappeared. Today, 10 years later, the abundant supplies of agricultural products in China's markets have drawn endless admiration from the CIS and East European nations. Western economists have also given very high appraisals to this achievement. Specially noteworthy is that in 1991 and 1992, our country had twice raised retail prices of rationed agricultural products for city and town residents by large margins. It has been a very great success as it has basically resulted in fair purchase and sale prices, thereby reducing state subsidies. Our country has also introduced market mechanism for sale prices of agricultural products.

According to surveys, our country's great achievement in reforming prices of agricultural products is mainly due to the following three measures:

First, we have upheld market orientation. For over a decade, our country has always upheld market orientation in agricultural product price reform in accordance with the demand in the development of commodity economy. We have also encouraged peasants to bargain with consumers in markets, and producers and traders to meet directly.

Second, we have adopted a gradual reform method by combining price liberalization and market regulation. China has implemented reform in agricultural product prices gradually with plans. Therefore, we have not only avoided causing social and political turbulence, but also promoted the development of production and the raising of living standards, thereby ensuring a smooth reform process.

Third, we have used the transitional method of double-track pricing system. "Food is considered by people the most important thing in life." Reform in agricultural product prices has been generally acknowledged internationally as a difficult task because it involves people's most basic necessities in life. Furthermore, China was a country short of products prior to reform, making it even more difficult to implement the task. Experiences in over

a decade have proved that the reform methods of double-track pricing system and regional implementation have been correct. The methods called for gradual liberalization of prices beginning from secondary to major agricultural products and from regions to the entire country.

Currently, China's agriculture is turning from sufficiency to one with high-efficiency, excellent quality, and high-yield characteristics. To realize this strategic change, it is necessary to continue to deepen reform in agricultural product prices. The rapid development of coastal areas is due to the early price liberalization and the widened opening of markets. Peasants called this year's total liberalization of grain prices in Guangdong a third liberation. The price liberalization immediately resulted in corresponding effects as the areas of round-grained nonglutinous rice rapidly expanded.

The initial success of reform in agricultural product prices has laid the foundation for a complete conversion of China's rural economy to market economy. It has also provided experience for gearing the entire national economy toward markets.

#### Official Promotes Cooperative Investment Funds

HK3009083092 Beijing RENMIN RIBAO in Chinese  
16 Sep 92 p 2

["Interview on Deepening Reform" column by staff reporter Ji Honggeng (6060 3126 6342): "Securities Market Calls for New Experiment—Liu Hongru, Vice Minister of State Commission for Restructuring Economy, Speaks on Cooperative Investment Funds"]

[Text] The "securities mania" seems to have exceeded its proper temperature. Even though people have gained a greater understanding of finance, ignorance and confusion remain. Some people cannot help but sigh: Oh, we do want to put our savings into production and construction, but for one thing, we do not have enough money, and for another, we have to go to work and have no time to queue up and attend to all the details; furthermore, we know little about the enterprises issuing shares or have no special knowledge on the subject. Securities are no laughing matter because they can lead to setbacks and even bankruptcy. Problems which cropped up in the Shanghai and Shenzhen stock markets not long ago further heightened people's concern. Generally speaking, all these represent the state of mind of certain people.

In early September, this reporter conducted an interview with Liu Hongru [0491 7703 0320], vice minister of the State Commission for Restructuring Economy, who spelled out some of his views.

#### Transform Small Money to Big Money

Liu Hongru said: Engaging in cooperative investment funds will resolve the problems you have mentioned. This type of fund is not the same as funds designated for special purposes, like the Song Qingling Fund, Sun

Yefang Fund, and Fan Changjiang Fund; rather, it is a kind of investment tool which has existed in foreign countries for a long time and falls into several categories. Some are named after regions or projects, but we have tentatively named it cooperative investment fund. It has the distinctive feature of converting small money into big money, with the money turned over to specially trained personnel who then use it to carry out transactions in bonds and shares in order to increase capital, with the profits going to the original investors. Investors benefit from the profits earned by investments. Ordinarily, when you only have a small sum of money, you are able to buy just one or two kinds of securities. In case of a fall in share prices, you have no room for maneuver and will then incur huge losses. In the case of cooperative investment funds, various little investments are assembled together to allow for the selection and purchase of different kinds of shares and thus diversify the risks; indeed, ordinary people do not have the time to engage in buying and selling shares, nor do they have the professional expertise to analyse market prices as well as market trends correctly. It is also difficult for them to assess the enterprises issuing shares. These problems can be solved by letting professionals and experts who handle cooperative investment funds devise the strategies and make the investment decisions. In this sense, it can be said that cooperative investment funds represent a form of investment which protects the interests of majority of investors.

### Special Significance of Experiment

Promoting the experiment related to cooperative investment funds is not only beneficial to most investors, but also contributes to the building of a securities market with socialist characteristics. Liu Hongru maintained that transforming individual investments into collective investments is cooperative in nature and is consistent with the guideline of developing the public sector economy and of upholding the predominance of the public ownership system; it is beneficial to efforts to boost the management of the securities market and prevent excessive speculation. Aside from applying administrative and legal means to restrict excessive speculation, economic methods should also be used to eliminate such speculation. Once cooperative type investment funds as well as shares of legal persons under the public ownership system multiply, a kind of organizational force will naturally take shape to play a pivotal role in the volatile securities market.

This reporter learned that the following is stipulated in Shenzhen: Party and government cadres, employees of securities companies, as well as personnel in charge of securities operations are prohibited from carrying out shares transactions. While this is advantageous in the efforts to preserve the integrity of these people, I have also heard certain views: As citizens, why can they not enjoy the same rights as other citizens? Besides, this rule is in fact difficult to enforce because the person in question need not come out in the open, but instead, may let his or her family and relatives conduct the

transactions. What can you do with him? Liu Hongru said: Cooperative investment funds will allow civil servants to enjoy the same rights and privileges as others, and also preserve their integrity, because by investing in the fund, they are just one of many investors who are indirect shareholders of an enterprise and cannot interfere directly in the operations. This will erase many doubts and suspicions.

### Legal Persons, Not Private Persons

Recently, some localities have begun to set up all kinds of cooperative investment funds on a trial basis; some people have opted to form their own investment fund association by electing a more knowledgeable person as president of the association and by having the president carry out shares transactions, resulting in some disputes; meanwhile, some units have entrusted certain mass organizations to carry out share transactions on their behalf so as not to affect their work. This reporter asked: "What is your view concerning these methods?" Liu Hongru said: These methods can easily lead to fraud and are not the same as the cooperative investment funds that we speak of. The experimental cooperative investment fund we refer to is a guided and organized experiment. First of all, the cooperative investment fund should have regulations and management methods. They are set up after obtaining approval from the departments in charge in accordance with the law, should be qualified as a legal person, and should be operated according to the law. They are formed by big, reputable financial institutions and not just by anyone putting together some money and buying shares together; fraud cannot be avoided even in cases where mass organizations are entrusted with shares transactions, and besides, they are not knowledgeable of the subject. Normally, cooperative investment funds are made up by the investors, fund management companies, and custodian organizations. Under the direction of financial institutions, cooperative investment funds raise capital by issuing shares. The shareholders are the investors. The fund management companies have professional staff in charge of investments and transactions of bonds and shares. After determining profits and losses, profits are shared by investors. Management and custodianship should be separated, with banks in charge of custodianship.

### Plot a Path

Liu Hongru said: Cooperative investment funds may be divided into two categories—open and closed. Hong Kong presently has 85 open type of cooperative investment funds and another 20 closed type. In the case of open cooperative investment funds, investment funds may be withdrawn but certificates of investment are non-transferable; for closed funds, investment funds may not be withdrawn but certificates of investment may be floated in the market and transferred like securities. Liu himself is more inclined toward the introduction of the open type of cooperative investment funds at the moment in order to prevent "speculation" on both ends. The fund experiment should be followed by legislation,



with a complete set of rules and regulations to dictate operations in order to ensure the smooth progress of this new experiment.

He went on: The economic take-off of any country will have to rely on personal and family savings because the

savings of the state and of enterprises will never be enough. Consequently, we have to find a way which has Chinese characteristics and which will steer personal savings into investments. Naturally, this does not prevent individuals from engaging in direct investments like the purchase of bonds and shares.

## East Region

### Shandong Strives To Use Foreign Farming Technology

OW3009092892 Beijing XINHUA in English 0843  
GMT 30 Sep 92

[Text] Jinan, September 30 (XINHUA)—East China's Shandong Province has made great efforts in the past few years to introduce advanced technologies from abroad to speed up its agricultural development and modernization.

To further spur farm production, which is regarded as the foundation of the economy, governments at all levels in Shandong have issued preferential policies to encourage the introduction of improved varieties and advanced technologies from overseas.

Over the past few years the province has imported more than 200 improved breeds of crops, more than 50 kinds of forage grass and about 100 varieties of vegetables and fruits as well as some breeds of poultry and livestock from foreign countries.

In the meantime, scientific research institutions in the province have joined hands to breed new varieties of crops.

Advanced planting technologies introduced from abroad have also played an important role in local agricultural development.

In the early 1980s Shandong invited Japanese experts to demonstrate the use of plastic sheeting for growing vegetables. So far, the technology has been adopted on more than 2 million ha [hectares] of farmland.

Moreover, in the past few years, Shandong has attracted overseas funds totaling about 240 million U.S. dollars to boost agriculture.

### Agreement Signed for German Loans

SK3009121792 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 29 Sep 92

[Text] On the afternoon of 29 September, the Provincial International Trust and Investment Company signed an agreement on using long- and medium-term loans with the German State Bank. The province will use the loans to conduct technological transformation and to build joint ventures.

### Shanghai's Economy Begins To 'Take Off'

OW2709200192 Beijing XINHUA Domestic Service in  
Chinese 2114 GMT 26 Sep 92

["Consolidated report" by reporters Lu Guoyuan (7120 0948 0337), Chen Yani (7115 0068 1200): "Shanghai Has Stepped on the 'Springboard' for Economic Take-Off"]

[Text] Shanghai, 27 Sep (XINHUA)— Reform and opening to the outside world has instilled unprecedented vitality into Shanghai's economy, which is advancing with a heavy load. In one stroke this year, Shanghai ended a long history in which its economic growth was less than half that of the nation's average; and has stepped on the 'springboard' for an economic take-off.

The latest statistics show that during the first eight months of this year, Shanghai realized an industrial output value of 153,678 million yuan, up 21.7 percent over the same period for last year. The ratio of product sales also rose, reaching 98.6 percent in August and topping the rest of the country. The municipality's Gross National Products [GNP] reached 65,390 million yuan, up 14.1 percent over the same period of last year and 2 percentage points higher than the national average.

A series of preferential policies designed to develop and open up Pudong has been quickly put in place this year, and these policies have transformed the New Pudong District into a "thriving area" of high-speed economic growth. During the first eight months, the district's GNP and tertiary industrial growth exceeded those of Puxi by 7.4 and 10.6 percentage points, respectively. The spirit of the policies for Pudong has gradually spread to Puxi through interaction between Pudong and Puxi. As a result, Shanghai, with its superior geographic location and economic conditions, has become a "chosen region" for domestic and foreign investment. In the first eight months of this year, the municipality approved 1,124 foreign investment projects, 759 more than last year's total. China's provinces and municipalities and the ministries and departments at the central level have also located their funded projects in Shanghai. In the New Pudong District alone, 383 domestic-funded projects were built this year, attracting 1,518 million yuan of domestic funds.

During its transition from a planned economy to a market economy, Shanghai suffered from an agonizing attack from the two systems. Because of its reliance on financial revenues and credit planning, Shanghai had been unable to rid itself of the constraints imposed by capital anemia for quite a long period. The development of a financial market system in the past two years, however, has added a number of new fund-raising avenues, including interbank borrowing, foreign exchange regulation, and the stock exchange. As a result, the amount of money in circulation and the total amount of funds available increased in geometrical progression. The amount of funding through interbank borrowing alone has reached 70 billion yuan. The Shanghai Metal Exchange, which opened last June, has revitalized Shanghai's materials market; the amount of transactions during the first 100 days of business reached 17 billion yuan. With the appearance of the metal exchange, along with the steel, coal, chemical, and cotton markets, some of which have opened and some of which are under construction, Shanghai's processing industry, which used to operate for four or five days and then close for

two or three days due to inadequate raw and semi-finished materials as a result of the reduction of materials in the state plan, will witness for the first time a situation in which high economic growth is accompanied by relatively abundant materials. At present, a market system for essential factors of production incorporating spot trading, futures trading, and tax exemptions trading, a market system based in Shanghai but linked with the international market and which serves the whole country, will soon take shape.

From the second half of last year, Shanghai began a strategic adjustment of its huge industrial structure. On the one hand, it adjusted the ratio between the three industries, based on the goal of becoming a world economic, financial, and trade center; on the other hand, it rebuilt the secondary industrial structure, centering on the development of 10 new pillar industries.

At present the adjustment mentioned above has produced initial results. Thanks to the adjustment, the 10 pillar industries have begun to take shape. The production output of automobiles, telecommunications equipment, integrated mechanical and electronic goods, power equipment, petroleum, and chemical industries now accounts for one third of the nation's total. Tertiary industries, which had been in a state of decline for a long period, began to revive. During the first eight months of this year, the gross output of Shanghai's tertiary industries grew 9.8 percent from the same period for last year; the number of companies in tertiary industries reached 684, 3.8 times that of the combined number of companies in the primary and secondary industries.

In the eighties, under tight financial circumstances, Shanghai began to invest large amounts of capital in economic construction. It invested 30 billion yuan and 60 billion yuan, respectively, during the Sixth and Seventh Five-Year Plans. Total investment for the Eighth Five-Year Plan will reach as high as 120 billion yuan. Currently, the investments made in the Sixth and Seventh Five-Year Plans are producing results on a large scale, and the investments made during the Eighth Five-Year Plan are creating a new beginning for Shanghai's economic development. Among these investments, the proportions for urban infrastructure and tertiary industries are rising rapidly. In 1992, 63 percent of the 24 billion yuan investment is earmarked for urban infrastructural construction. This will facilitate the development of Shanghai's transportation and energy sectors.

In appraising Shanghai's economic situation, authoritative personages here said: The intense capital investment, strategic industrial adjustment, adoption of special economic zone policies, large-scale construction of the infrastructure, and particularly, the cultivation and development of markets and massive investment in key economic projects all indicate that Shanghai's fast economic growth is not a temporary phenomenon but the beginning of an economic "take-off." We predict that it

is entirely possible that Shanghai will enter a longer, faster growth cycle in the coming years.

#### **Wan Xueyuan Appointed Zhejiang's Vice Governor**

*OW3009080092 Beijing XINHUA Domestic Service in Chinese 0454 GMT 29 Sep 92*

[Text] Hangzhou, 29 Sep (XINHUA)—The 30th session of the Seventh Provincial Zhejiang People's Congress Standing Committee decided on 29 September to appoint Wan Xueyuan (8001 1331 6678) vice governor of Zhejiang Province.

Wan Xueyuan, aged 51, was secretary general of the Shanghai Municipal Government.

### **Central-South Region**

#### **Hainan Secretary Chairs Conference Committee**

*HK2909152392 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 21 Sep 92*

[Excerpts] The 24th meeting of the provincial People's Representatives Conference Standing Committee opened on 21 September in a provincial government lecture hall. The meeting was presided over by Deng Hongxun [provincial party secretary], chairman of the provincial People's Representatives Conference Standing Committee. A total of 27 persons attended the meeting, including Vice Chairmen Pan Qiongxiong, Cao Wenhua, Zheng Jiang, Lin Ying, Huang Zongdao, and Wu Kuiguang. [passage omitted]

A total of 44 persons attended the meeting as non-voting delegates. They were: Vice Provincial Governor Wang Xueping, Tian Zhongmo, president of the provincial higher people's court, and responsible persons from various organs and departments directly under the provincial authorities. Yesterday afternoon, attendees took part in group discussions.

#### **Hainan Secretary Addresses Tourism Symposium**

*HK3009060692 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 23 Sep 92*

[Text] The six-day Hainan Provincial Tourism Strategy Symposium concluded yesterday morning.

Provincial party committee Secretary Deng Hongxun delivered a speech at the closing session in which he stated: Hainan has decided to develop the tourism industry as a guiding industry. Therefore, tourism can become a guide for primary, secondary, and tertiary industries. Hainan possesses numerous advantages and unlimited potential in developing tourism. Hainan's greatest advantage lies in its preferential policies and superior geographical location. Hainan is situated in a superior geographical location with tropical and subtropical climates. As a piece of fertile land, Hainan possesses



unique advantages in developing tourism. The development of a tourism industry is bound to give a powerful impetus to the development of other trades and professions, such as building industry, agriculture, trade, and so on, while the development of various trades and professions will in turn push tourism development on to a new stage.

Deng Hongxun said: In order to expeditiously develop tourism as a guiding industry, we must first and foremost formulate a series of preferential policies, as well as a whole set of corresponding measures, to implement these preferential policies so that Hainan will become capable of expanding its opening up to the outside world and invigorating its local economy. To this end, we must first make efforts to fully mobilize the enthusiasm of all those concerned, unreservedly attract and absorb foreign and domestic funds, especially foreign funds, seek cooperation with world-renowned foreign tourism organizations in developing our own tourism industry, learn and master internationally accepted tourism management expertise, and learn to carry out rich and varied tourism activities. Second, we must cultivate the concept of big tourism. Tourism is by no means a matter exclusively concerning tourism departments. Rather, tourism is an industry that is closely related to all trades and professions. Therefore, all trades and professions should learn to run tourism. We must exert our utmost to develop tourism-oriented agriculture, industry, and tertiary industry and develop tourism by making full use of our rich local resources. Third, we must work out a flawless tourism development plan, and do everything we can to make all our endeavors conducive to tourism development. In formulating a tourism development plan, we must take into account and make full use of all the existing scenic spots across the province and must be willing to pay experienced and qualified experts who are capable of helping us work out a sound tourism development plan in light of international conventions. Fourth, we must speed up the building of various infrastructural facilities, including communications, telecommunication, electricity, and so on. Fifth, we must strive to create a macroclimate for tourism development.

Deng Hongxun added: In developing tourism, we must concentrate on a number of key aspects rather than scatter our strength on the entire front. Moreover, we must train more qualified personnel for the tourism industry in a down-to-earth manner with an eye on improving the quality of our tourism contingent. Moreover, we must make unreserved efforts to publicize Hainan and make Hainan better known throughout the world.

The symposium was attended by more than 70 Chinese and foreign experts and scholars, as well as leaders in charge of various state departments and provincial departments concerned.

The symposium was mainly devoted to discussing and mapping out a sound tourism development plan for Hainan.

The participants held in-depth discussions and demonstrations, combined theory with practice, and also conducted on-site inspection of a number of tourist areas in Hainan during the symposium.

The symposium held that it is quite right for Hainan to develop tourism as a guiding industry. The key to faster tourism development in Hainan lies in updating people's ideological concepts, cultivating a big tourism concept among people, concentrating on a number of key aspects of tourism, developing tourism in light of actual market demands, and calmly viewing all difficulties cropping up in tourism development. The governments at all levels should provide correct guidance to investment in Hainan's tourism industry.

Provincial Vice Governor Mao Zhijun and Guo Ruocheng, National Domestic Tourism Association president, attended the last day's meeting.

Fan Jiayi, Shanghai Social Sciences Academy Tourism Research Center director, delivered a speech on behalf of all the experts present at the symposium.

### Support Urged for 'Three Gorges' Migration

*HK3009100492 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 20 Sep 92*

[Excerpts] From 17-19 September, the provincial government held a provincial work meeting in Wuchang on providing support for migrants from the Three Gorges project reservoir area. Provincial Governor Guo Shuyan pointed out: Migration due to the Three Gorges is the most strenuous, difficult, and complicated issue involved in supporting the Three Gorges project. People from the entire province and various quarters must properly do the work of providing relevant support for the migration of people in the Three Gorges project reservoir area. This will be our province's greatest and most practical contribution to the Three Gorges project. [passage omitted]

Guo Shuyan called on various localities to enhance their understanding of the importance of the work in providing relevant support for migration in the Three Gorges project reservoir area. He said: The whole country has taken prompt action to provide relevant support for the migration. Our province must truly strengthen its leadership, must consider support an important task, and must fulfill its needs. In the course of fulfilling the task, we must conscientiously implement the central authorities' principle of providing relevant support with a view to promoting development. It is necessary to exploit the reservoir area's strong point in land resources. It is necessary to devote more efforts to comprehensive agricultural development. In the meantime, we must vigorously develop our tertiary industry. As far as industrial projects are concerned, we must attach importance to the efficiency of investment and production. We must adopt the methods of reform to successfully provide relevant support. [passage omitted]

At the beginning of the meeting, vice provincial Governor (Li Maoqiang) also spoke. He called on the entire province to make suggestions and contributions to migration connected with the Three Gorges project, so that it will become a common practice in the province. He said: In accordance with the central authorities' instructions, we must strive to accomplish the task of moving most people—or the majority of people—to be resettled to areas above the flood line within 10 years, starting from 1991. We are not allowed to permit these migrants' standard of living to fall; on the contrary, we must consistently improve their livelihood. We must ensure that they will work alongside the masses in more advanced areas to attain the second and third strategic objectives.

The meeting was presided over by Wang Hanzhang, vice chairman of the provincial People's Congress Standing Committee.

#### **Vice Governor Urges Developing Private Enterprises**

HK3009030792 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 21 Sep 92

[Excerpt] While inspecting private and individual enterprises in Lanshan County from 17 to 19 September, Vice Governor Wang Keying said: It is necessary to develop private and individual enterprises in the spirit of daring to force a way out, to carry out experiments, and to take risks to create conditions for high-speed development of Hunan's township and town enterprises.

Lanshan's township and town enterprises, which are composed mainly of private and individual enterprises, developed rapidly this year. Their gross output value in the June-August period increased by 100 percent over the same period last year.

Vice Governor Wang Keying visited various private and individual enterprises and listened to reports made by the county party committee and government.

Vice Governor Wang Keying fully reaffirmed Lanshan's practice of boarding the bus before buying tickets in setting up private and individual enterprises. He said: In developing township and town enterprises we should not entirely rely upon the three wheels, that is, assistance from township, town, and village authorities. Private and individual enterprises are an important component part. We should be good at absorbing funds in society to run more private and individual enterprises. [passage omitted]

#### **Southwest Region**

#### **State Council Approves Ascension of Living Buddha**

HK2909160492 Beijing ZHONGGUO XINWEN SHE in Chinese 1416 GMT 27 Sep 92

[By correspondents Zhu Daian (2612 0108 1344) and Yan Yan (0917 6056)]

[Text] Lhasa 27 September (ZHONGGUO XINWEN SHE)—Ren Wuzhi, director of the Bureau of Religious Affairs under the State Council, read out the letter of approval from the State Council on the ascension to the holy throne of the 17th Garmaba O'kying Chilai at a ceremony for the ascension to the holy throne of the 17th Garmaba O'kying Chilai, which was held in the Curbo Monastery in Tibet this morning, and conferred a certificate of recognition to the 17th Living Buddha Garmaba O'kying Chilai. This 8-year-old living buddha will take care of the Buddhist religious work of the monastery thereafter.

Ren Wuzhi, who has done religious work in Tibet for more than 20 years, made a special trip to Tibet this time to attend the ceremony for the ascension to the holy throne of the 17th Living Buddha Garmaba O'kying Chilai, which was held in the Curbo Monastery.

The 17th Living Buddha Garmaba O'kying Chilai is the first Living Buddha officially approved by the State Council since democratic reform in Tibet.

After his arrival in Lhasa, Director Ren Wuzhi paid a formal visit to Pagbalha Geleg Namgyai, chairman of the Tibet Buddhist Association, and attended a discussion meeting held by Tibet religious circles.

It was reported that before today's ceremony of ascending to the holy throne of the 17th Garmaba O'kying Chilai, Director Ren Wuzhi called on O'kying Chilai.

#### **17th Garmaba Congratulated**

OW2909153892 Beijing XINHUA in English 1532 GMT 27 Sep 92

[Text] Lhasa, September 27 (XINHUA)—O'Kying Chilai, who ascended today the holy throne as the 17th living Buddha of Garmaba, leader of the Garma Kagyudpa—the white sect of Tibetan buddhism, was congratulated by central government officials.

Ngapoi Ngawang Jigme, vice chairman of the Standing Committee of the National People's Congress, said in a letter of congratulation that he will pray for and encourage the incarnated boy to have a holy and pure character so as to inherit and carry on the buddhist doctrine of the former garmabas and their will of bringing benefit to all living creatures.

The letter hoped the living buddha would spread Garma Kagyudpa and inherit the patriotism of former Garmabas all along.

In addition, the general office of the State Council congratulated the Tibet Buddhism Association and managing committee of Curbo Monastery in a letter of congratulation on the ceremony.

Ren Wuzhi, bureau chief of religious affairs under the State Council, said at the ceremony that both the choice of the 17th Garmaba and today's ceremony of ascending

the holy throne of Garmaba were done according to traditional practice of Tibetan buddhism.

The official said the fact shows that the Chinese Government earnestly applies the policy of freedom of religion and respects the characteristics of Tibetan buddhism.

O'Kying Chilai, an 8-year-old boy and son of a herdsman in Qamdo County, Tibet, was chosen as the 17th Garmaba in June, 1992, according to the 16th Garmaba's will.

### Further on Ceremony

OW2909153692 Beijing XINHUA in English 1501  
GMT 27 Sep 92

[Text] Lhasa, September 27 (XINHUA)—Garma Kagyudpa, the white sect of Tibetan buddhism, today held a grand ceremony for the 17th living Buddha Garmaba's ascending to the holy throne in the Curbo Monastery near Lhasa, capital of the Tibet Autonomous Region.

On behalf of the State Council, Ren Wuzhi, head of the bureau of religious affairs of the State Council, conferred a recognition certificate of the bureau to O'Kying Chilai, the boy who is the incarnate soul of the 16th living buddha Garmaba, the Kagyudpa leader. The act officially approved O'Kying Chilai as the 17th living buddha Garmaba.

O'Kying Chilai is the first reincarnated living Buddha approved by the related department of the central government after 1949.

The ceremony began at 11 o'clock in the morning when Ren Wuzhi and Garmaba walked into the main hall of the monastery.

Ren presented Hada to O'Kying Chilai and congratulated him for his ascending to the holy throne.

The eight-year-old Garmaba also presented Hada to Ren and conveyed his thanks to the central government for the approval.

Kagyudpa was founded in the middle of the 11th century and its Garma Kagyudpa sect is one of the important sects of Tibetan buddhism.

According to usual practice, the living buddha's taking of the title should be approved by the central government.

Before his death, the 16th living buddha Garmaba, Garmaba Rigprir Dorje, set wrote in his will that he will reincarnated in China [sentence as received].

In line with the buddhist rites and traditions, Curbo Monastery found in O'Kying Chilai the incarnate soul of the 16th living buddha. After the examination of the Tibet Sub-Association of China Buddhists Association

and other living buddhas, the bureau of the religious affairs of the State Council approved the succession on June 27.

Ngapoi Ngawang Jigme, vice chairman of the Standing Committee of the National People's Congress, the general office of the State Council, the Bureau of Religious Affairs of the State Council, the China Buddhists Association and the Government of the Tibet Autonomous Region sent congratulation telegraphs or letters to today's ceremony.

Delegates of Kagyudpa from more than 10 countries and areas also attended the ceremony with thousands upon thousands of buddhist believers from Tibet, Qinghai, Gansu, Sichuan and Yunnan Province.

In the afternoon, a religious ceremony was held at the monastery for the 17th living buddha Garmaba's ascending to holy throne. The living buddha blessed the believers with a touch on the head.

The celebrations will last three days.

### Buddhist Sect Explained

HK2909163192 Beijing XINHUA Hong Kong Service in Chinese 1548 GMT 27 Sep 92

[Text] Lhasa 27 Sep (XINHUA)—Garma Kagyudpa, the white sect of Tibetan Buddhism, has a long history and an important place in Tibetan Buddhism. The holy throne has been passed from one generation to the next through the reincarnation of the living buddha, which was initiated by the sect in the 13th Century and has been universally adopted by various Tibetan Buddhist sects, becoming a traditional practice.

The 16th Garmaba Rigprir Dorje, born in 1925, permanently resided in Sikkim's Rongdi [2837 6611] Monastery. In 1977, he made a will, which was then sealed in a box. The 16th Garmaba passed away in 1981 when he was under medical treatment in the United States. On 10 January of the Year of the Water Snake in the Tibetan calendar—14 March 1992—the will was unsealed at Sikkim's Rongdi Monastery, which was witnessed by the four great living Buddhas overseas, Situ [0674 1778], Xiamer [7209 7456 1422], Jianggun Gongzhu [3068 5981 6300 3796], and Jiecao [2636 2580]. The will was ascertained on the spot, sealed again, and was sent to Curbo Monastery by a messenger.

According to a briefing by the 59-year-old Luoazhub, Curbo Monastery's clerk, who had participated in the search for the reincarnated boy from beginning to end, the original copy of the will was written in red ink, which was usually used to punctuate Buddhist scriptures. The calligraphy in the will's duplicate, which was written in cursive script in the Tibetan language, was done tersely and with vigor. At the bottom of the right hand side of the will was the mark of a seal, which had been endowed by Emperor Xianzong [2009 1350] of the Yuan Dynasty, and the sect's talisman was passed down from one generation to another.



According to Garma Kagudpa's tradition, the reincarnated boy was appointed by the last living buddha in his will. As soon as Curbo Monastery received the will, it sent the monastery's steward Tuo Mo [1185 5459], the clerk Luozhub, and two others to start the journey on 8 March in the Tibetan calendar; eight days later, they arrived in Qamdo County's Lhado Township in Eastern Tibet and began to search in secret in the capacity of pilgrims.

The will provided three clues for the search for the reincarnated boy. One revealed that the location was a village in Lhado Township, Qamdo County and added that the name of the village would begin with the word "ba." The second indicated that the name of the reincarnated boy's father was Toinzhub, and the name of his mother Luoge. The third said that the boy's animal symbol at birth was a land-walking animal.

Led by these clues, Tuo Mo and Luozhub hunted for the boy in Lhado Township and, after climbing a large mountain and braving rain and snow, found a village called Baguo [1572 2654], which consisted of 70 herding households. One of the households had lived in a tent for generations and earned their living from animal husbandry. The name of the household master was Gema Toinzhub and the woman of the house was named Luoge. They had a total of nine children—six girls and three boys—and they were poor. The eighth child was eight years old, affectionately called Apu Geju [7093 1580 2059 0036], and his birth animal symbol was a cow. He was clever and quick and was sent at the age of four to the local Jia Lie [0441 2059] Monastery to learn scriptures. Tuo Mo and Luozhub separately contacted the father and mother, in extreme secrecy, and asked them about their family. Finally, they made a preliminary determination that Apu Geju was the reincarnated boy designated in the will. On 15 June—15 April by the Tibetan Calendar—the reincarnated boy ascended to his residence, the Curbo Monastery, to wait for the Central Government's recognition and approval. The monastery immediately appointed his scripture masters after he was received in the monastery.

The Garma Kagyudpa sect was founded in the mid-11th century. Its living buddhas have maintained close connections with the central governments and various feudal powers of the Yuan, Ming, and Qing Dynasties, regularly went to the capital to pay tribute and were often ordained by the emperors.

According to traditional customs, reincarnations of Tibet's Dalai Lama, Panchen Lama, and other important sects must be recognized and approved by the Central Government. The State Council Bureau of Religious Affairs returned the following instruction on the report by the Buddhist Association of China on identifying the reincarnated boy of the 16th Garmaba: "Agreed that O'kying Chilai, son of the herdsman Toinzhub and Luoge who live in Baguo village of Lhado Township, Qamdo County in Tibetan Autonomous

Region, as the reincarnated boy of the 16th Garmaba and hereby approve that he is the 17th Garmaba."

### Official of 'Old' Tibet Lauds Recent Changes

OW3009033192 Beijing XINHUA in English 1316  
GMT 29 Sep 92

[Text] Lhasa, September 29 (XINHUA)—"My personal experience proves that only socialism can save Tibet and only in the great family of the motherland can Tibetans have a promising future," Lhalu Cewangdoji, a senior official of the old Tibetan Government four decades ago, told XINHUA in a recent interview here.

Lhalu said: "Though I was a senior official of the old Tibetan Government and tried my best to maintain the old system, the great changes in the past four decades have convinced me to believe in the basic truth above."

Lhalu Cewangdoji, one of the four kaloon (ministers) in the old Tibetan Government, was commander-in-chief of the former Tibetan Army of the local government to hold back the march of the People's Liberation Army into Tibet and chief of the rebel army in 1959.

But, he is a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and vice chairman of the Tibetan Regional Committee of the CPPCC now.

Lhalu, 79, said that he saw the poverty and backwardness before the peaceful liberation in 1951. "The people were very poor, the medical facilities were scarce and epidemic diseases plagued the region frequently in old Tibet," he said.

For instance, the population was reduced by more than a half in the three centuries from the early Qing Dynasty (1644-1911) to the eve of the liberation. The vast land covering 1.2 million square kilometers had a population of only 1 million. Over 90 percent of the serfs and slaves could not make both ends meet and 10 percent of them were even reduced to living off begging all the year round.

"As a senior official of the old Tibetan Government, ideas to change the drawbacks came across my mind time and again. But it was only a day dream under the old system," he said.

The changes in the past four decades have surpassed those of centuries before, he said.

"I witnessed that the 'tools which could talk' in the past have gained personal freedom and the beggars have their own livestock and land. The former serfs and slaves not only have enough food and clothing but also sell grains and animal by-products to the state. The Tibetans who were plagued by various diseases enjoy free medical care and their life expectancy has jumped from 35 years to 65 years," he said.

Lhalu said that children of the former serfs and slaves receive compulsory education, and some are sent to schools in big cities in other parts of China. The illiteracy rate has dived from 95 percent to 45 percent and the grain output jumped from 150 million kilograms in 1952 to 550 million kilograms at present.

Changes in Lhasa itself, the capital of the Tibet Autonomous Region, are eye-catching. Except for the Potala Palace and Jokhang Monastery, the city was made of shabby huts or low, damp and worn-out tents. Some people even had to sleep in street corners, he said.

Today the city has become more beautiful than ever thanks to the large-scale construction and landscaping. The Tibetan people live in new houses with electric lights and running water while high and modern buildings have been erected one after another.

Moreover, "the local people enjoy the freedom of religion and various cultural and activities," he said.

When talking about himself, Lhalu said: "I lose the feudal privileges but the Tibetan people have acquired new life. In the past four decades I have not only become a laborer to support myself but also become a senior official of the regional committee of the CPPCC to discuss the important issues for the region and the state affairs."

He has just completed reminiscences on development of the Lhalu family. "I'm the witness of two societies of Tibet. I want to write down the history and help the young people understand the truth of old Tibet," he said.

He also refuted the rumors of splittists who intend to separate Tibet from the motherland.

When talking about his family, he said that his wife is also working in the regional committee of the CPPCC. Among his children, three of his four sons and one daughter are working in the local government and his youngest son is one of the three leading living buddhas in Qamdo Prefecture. "All the 15 members of my family are living a happy life," he added.

### North Region

#### Hebei Secretary Speech on Township Enterprises

SK2509054992 Shijiazhuang HEBEI RIBAO  
in Chinese 30 Aug 92 pp 2, 4

[Speech by Xing Chongzhi, Hebei Provincial CPC committee secretary, at a provincial conference on 29 August, entitled: "Fight For Elevating Town and Township Enterprises to a New Level as Soon as Possible"]

[Text] This conference is an important meeting to further implement the guidelines from Comrade Deng Xiaoping's talks during his tour of southern China and to promote the provincial economy to a new level. During the conference, the participants inspected some town

and township enterprises in Shijiazhuang city and heard an explanation of the experiences of Linyi city in Shandong Province and of Wujin County and Changshu city in Jiangsu Province. Responsible comrades of some cities, prefectures, and counties in Hebei Province also explained their experiences at the conference. The participants were generally inspired with enthusiasm. Fighting for three years to elevate the provincial economy to a new level is an extremely important link to greatly developing town and township enterprises. Comrades Weigao and Erxiong have given very good opinions in this regard. I am going to offer the three following opinions:

1. Hebei has the conditions for elevating its economy to another new level within three to five years, and town and township enterprises should play a role as the main force in raising the economy to a new stage.

Since the beginning of 1992, the people from higher levels downward have conscientiously studied and implemented the guidelines from Comrade Deng Xiaoping's talks during his tour of southern China and from the plenary session of the CPC Central Committee Political Bureau, proceeded from reality, eliminated "leftist" and old ideas, emancipated the mind, and made great progress in reform, opening, and economic construction. By sharing the experiences and analyzing the situation, we may say that Hebei has the conditions for raising the economy to a new and high stage within three to five years. First, we have greatly increased our economic strength and have gained fruitful experiences through the reform and opening of the past 10 years or so. Second, the people from higher levels downward have greatly deepened their understanding of Hebei's situation. For instance, we have not confined our advantage of proximity to Beijing and Tianjin to sending farm and sideline products only to urban areas and bringing in science professionals and technicians. In fact, we have further widened the spheres of cooperation to promote the province's development. We have started to build large service projects each involving more than 1 billion renminbi yuan, including a hot springs resort and a film production center. In reality, we have widened our idea about Beijing and Tianjin. Another example is that a large number of large and medium-sized key enterprises in the province have invited businessmen and brought in capital, and all this has brought into play our province's advantage of having many large and medium-sized enterprises and rich natural resources. We have vigorously strengthened the construction of markets, roads, and communications projects so as to display our province's role as a nationwide land communications hub. These actions indicate that we have made a leap in our understanding and action. Third, the industries have reasonably been distributed across the province and industrial orientation has become more accurate. Over the past few years, we have focused our efforts on building infrastructural facilities in line with the industrial distribution principle of building economic zones along railways and coast lines, each having special characteristics, and focusing on having urban areas help

promote the development of rural areas. We have made great progress in this regard. For instance, the eastern province, with noticeably improved railway, port, and telecommunications conditions, has made noticeable progress in opening itself to domestic areas and foreign countries and is starting to play an increasingly more prominent role in the Beijing-Tianjin-Tanggu economic zone and the Bohai Bay economic zone. Another example is that through the construction in the past years, the Beijing-Shijiazhuang expressway will open to traffic within this year. Simultaneously, the cities and counties along this expressway will strengthen the special characteristics of their existing industries as well as new industries. The land port project has started. This will not only help promote Cangzhou Prefecture's opening to the outside world and develop the central province but will also make Shijiazhuang city more prominent.

In industrial development, we are pooling efforts to establish a group of enterprises based on a high technological level, with highly competitive products that have fairly great influence in the domestic and world markets, and which adopt the management methods as enterprise groups in order to facilitate the structural adjustment of the industrial sector of the economy. Hebei's entire economic structure is improving following the strengthening of the position of agriculture as the foundation, the adjustment of its structure, and the accelerated development of the tertiary industry. Fourth, development of the international and domestic situations will help to put our province in a more favorable position in opening to the outside world. With the date for returning Hong Kong to China drawing near and with the construction of the Beijing-Jiulong Railway, it has become a noteworthy rising trend that Hong Kong and Taiwan capital is pouring into the mainland, especially Beijing and the areas surrounding it. Following China's establishment of diplomatic ties with ROK, our province, with its advantage of being located in the land and marine passageways for shipping out northern China's coal and its geographical advantage of being close to ROK, has notably improved its appeal to Northeast Asia's capital investment. Fifth, reform in various fields is being deepened in a coordinated manner. The 11 measures for deepening enterprise reform, the 12 measures for opening wider to the outside world, and a series of decisions on deepening the reform of the circulation system and on greatly developing the tertiary industry, which were mapped out by the provincial party committee and government, have created or are creating positive results. The provincial party committee and government recently again made arrangements for the pilot county-level comprehensive reform. This will play an important role in strengthening the county-level functions, accelerating the development of the county economy, and helping departments transform their functions. Sixth, a group of key projects have proceeded smoothly, fixed asset investment is increasing, the use of foreign capital has doubled and redoubled, and the development rate, efficiency, and capacity have comprehensively improved. With the enforcement of the "regulations on transforming the

operating mechanism of state industrial enterprises," state enterprises, especially large and medium-sized ones, will be further invigorated. In addition, a very important point, the vast number of cadres and the masses have boosted their enthusiasm, initiative, and creativity to an unprecedented high after studying Comrade Xiaoping's important talks. This is the most powerful source of strength for us to accelerate development. All mentioned above proved that our development is very good and that we have very good conditions for greatly improving our economy to a new level despite the many difficulties and restrictions to our progress. We should have confidence, seize the opportunity, accelerate development, and strive to turn the goal of "working indomitably for three years to reach a new level" into a reality.

To accomplish this grand task, township enterprises should play an important role, or the backbone role. The experiences of Guangdong, Jiangsu, and Shandong proved that to build an economically strong province, we should enliven the county economy and greatly develop township enterprises. The great development of township enterprises is also indispensable to the endeavors of improving the agricultural production conditions and achieving agricultural modernization. Without a great development of township enterprises, agricultural modernization, a fairly comfortable life in rural areas, and a great economic development of the province will be out of the question. We should fully understand the decisive position and role of township enterprises and exert utmost efforts to accelerate their development. Township enterprises are facing an extremely good opportunity for development and are entering a period for still greater development.

As far as the whole province is concerned, Hebei still has objective conditions for increasing its economy to a higher stage in three to five years as mentioned previously. Judging from township enterprises themselves, having gone through the test of years of market storms, the whole province has begun a batch of small economic zones supported by special markets where the same categories of products are relatively concentrated; has a number of enterprises whose products occupy a large portion of the markets, are highly efficient economically, and meet the demands of the economies of scale; has a batch of townships, towns, and villages with sound economic strength and strong ability to develop themselves; and has a high number of competent entrepreneurs. All these form the basis for enabling us to advance continuously. Speaking in terms of the macroeconomic environment, since their establishment, township enterprises have to be tempered by the storms of the market economy and, along with the acceleration of the process of building the socialist market economy, they will surely have a more relaxed environment for development. The restoration of our country's status as a GATT signatory state will be more helpful to the export of township enterprise exports. Judging from the development of various localities, during the January-July period this



year, the highest average per-capita township enterprise output value among the agricultural population in a locality is more than 2,600 yuan and the lowest is 314 yuan, which is a difference of more than seven times between them; during the first half of this year, some localities witnessed a growth rate of as high as 60 percent or more and some witnessed a rate of less than 20 percent. This imbalance actually indicates extremely high potential. Therefore, no matter from which aspect we judge, township enterprises should be and are absolutely able to develop more quickly and to make bigger strides forward. The total output value of township enterprises across the province increased 12.6 billion yuan in 1991, an increase of more than 20 percent. During the first seven months of 1992, it also showed an increase of 31.9 percent over the same period of last year. According to this growth rate, the total output of township enterprises of this year may reach more than 90 billion yuan. Based on this, if the annual growth rate of the next three years reaches 20 percent, the total output value of township enterprises may jump to 150 billion by 1995, and if the growth rate is maintained at a progressive rate of 30 percent, this figure may reach 200 billion yuan. According to this situation, it is absolutely possible for us to plan to enter a new stage, work hard for three years, and, while improving efficiency, increase the output value by 100 percent or more. That is, based on the figure of 73 billion yuan in 1991, we should strive to attain the target of 150-200 billion yuan by 1995. The value of export goods delivered by township enterprises should be increased by 200-300 percent as required. All of you may discuss and study to see whether this plan for entering these two stages is reasonable or not. However, in any case, we must exert our utmost efforts to fight for it. Meanwhile, all relevant departments should strengthen supervision and prevent any falsehood and exaggeration; improve the statistical target system; and promote the integration of rate, efficiency, and momentum of township enterprises.

2. We should persist in daring to blaze new trails, to try, to take risks, and to make good use of this major central policy.

The development of township enterprises should be guided by the policy of reform and opening. Over the past years, the central, provincial and prefectural authorities and relevant departments have given a series of policy stipulations and played a tremendous role in stimulating the development of township enterprises. However, due to various reasons, some policies were not implemented in places where needed and some were not implemented as promised, and some policies were not fully and wisely used because the local governments and enterprises failed to study them sufficiently.

All localities and departments should conduct a serious review and inspection of this work. All policies proven correct through experience should be implemented without any reservations. All localities and enterprises should conscientiously study various policies, make full and good use of various policies, and allow the people to

make new explorations and breakthroughs in practice. To this end, it is most important to persist in the one general limit and make good use of the one major policy by centering on fulfilling the one hard task under the guidance of the party's basic line of "one central task and two basic points." The one hard task means elevating the economy to a new level within several years. The one general limit means facilitating the development of socialist productive forces, the enhancement of the country's comprehensive strength, and the improvement of the people's living standards, as set forth by Comrade Deng Xiaoping. The one major policy means boldly trying everything and taking risks, as advocated by Comrade Deng Xiaoping. Without the emancipation of the mind and without the spirit of boldly trying everything and taking risks, the adherence to the "facilitation in three fields" will lose its practical significance, and it will be impossible to make full and good use of various specific policies, still less to make new breakthroughs. Since the beginning of reform and opening, all major reform measures of our party, including the series of policies and regulations concerning township and town enterprises, have been given, in fact, by the CPC Central Committee in accordance with the demands of "the facilitation in three fields" by fulfilling the spirit of boldly trying everything and taking risks and by summarizing the practice of the masses. All red-letter documents have also been formulated in this way. If Chairman Mao had handled affairs in accordance with books only, it would have been impossible to create the way of encircling the cities from the rural areas, still less the success in of the Chinese revolution. If Comrade Deng Xiaoping had handled affairs in accordance with the "two whatevers" policy, namely, resolutely upholding whatever policy decisions Chairman Mao had made and unswervingly following whatever instructions Chairman Mao had given, there would be no theory of building socialism with Chinese characteristics, still less today's excellent situation of reform and opening. Now that Comrade Xiaoping has provided this general limitation and further encouraged us to boldly try everything and proceed, we should do an even better job in this field, should be determined to take a good and new road, and should strive to initiate new and large undertakings. In line with this demand, all localities, departments, and enterprises in the province should be even more active in pushing township and town enterprises onto a new stage, should make experiments for the work on an even wider scale, and should strive for outstanding results in even more spheres. All departments at all levels should enthusiastically support the enterprises in trying everything, in proceeding, and in taking risks; should be good at positively readjusting existing policies and regulations in line with the development of practice; and should incorporate mature experiences into new policies and regulations and then make these policies and regulations universal in a timely manner. It does not matter if mistakes are made, except for law and discipline violations. So long as the mistakes are corrected, the provincial party committee and the government should not determine who is to blame. All departments should not

allowed to do so, as well. Those matters which were wrongly handled in the past must be clarified and corrected earnestly. To solve fund shortages, some counties adopted the method of retaining a portion of profits to award the outstanding to encourage the people to lend money through various channels. This was correct at the time and is still correct. Those comrades who were wrongly treated should have their cases rapidly reexamined and corrected absolutely.

To persist in "doing things conducive to three aspects" and to promote the spirit of "daring to blaze new trails, to try and take risks," and to push township enterprises to a great height, we have to study what pertains to the principle. According to preliminary considerations, here are a few imperatives: First, correctly handle the relationship between development and improvement, persist in paying simultaneous attention to both of them, and emphasize accelerating development.

We should accurately aim at the domestic and international markets and further expand ways to run new enterprises. We should do whatever is in conformity with the state industrial policy and in line with the demand of "doing things conducive to three aspects," and should carry them out as quickly as possible. We should exert efforts to run the "three types of foreign-funded enterprises," enterprises jointly run by large and medium-sized enterprises, colleges, universities, and scientific research units in the city, and enterprises headed by cadres of government organs (personnel released from administrative units). In the future, all collective, individual, cooperative, and private enterprises may directly invite competent personnel from party and government organs to join them, including the provincial party committee and the provincial government organs, as long as they are willing to do so. All organizational and personnel departments at various levels should give them the green light, stop giving them wages but retain their posts, status and treatment, and allow them to return to their original units to continue their work at any time. It is necessary to combine the establishment of new enterprises with the building of small industrial communities, with strengthening the building of small towns, and with the development of economies of scale. To judge whether an enterprise has formed economies of scale, we should mainly examine the share of their products in the market, the total volume of output value, and the economic efficiency, whether it is high or low. While running new enterprises in line with the demand of the economies of scale, all localities must proceed from reality, act according to our ability, and place the work emphasis on raising the technological level and the product coverage. In addition to stressing the development of secondary industries, such as the mining industry, manufacturing industry, and building industry, we should also stress the development of the tertiary industry, including the hauling industry, warehouse business, and service industry. We should uphold the guidelines of opening wider to the outside world, overcome the limitation of establishing township-run enterprises

only in townships and village-run enterprises in villages, and encourage efforts to run all sorts of township enterprises in cities and towns, in places outside the province, and in foreign countries. While making efforts to establish new enterprises, we should pay great attention to readjusting, reorganizing, and transforming the existing enterprises and raising the competitiveness of products, the level of creating foreign exchange through export, the level of enterprise management, and the level of technology and equipment. Improvement is also a form of development. Therefore, the priority of technological transformation is to select a batch of enterprises to rapidly enhance their product-intensive processing ability, to raise their quality of processing parts for large enterprises, to expand the mass production of products, and to push their way into enterprise groups. Second, we should correctly understand and make use of the law of imbalanced development. The development of township enterprises is very uneven in various localities. There are both subjective and objective reasons for this. But judging from the general situation, their imbalanced development is in conformity with the economic development law. Judging from the demand of enabling township enterprises across the province to reach a great height in the next few years, we should emphasize bringing the impetus role of developed areas into play. Regarding the small economic zones where the same categories of products are relatively concentrated, we may generally guide them in line with two patterns: The first is the Baigou pattern, which aims at stimulating the development of related industries through cultivating specialized markets; and the second is the Anping silk screening industrial pattern, which aims at developing multilayered cooperations and establishing enterprise groups. Regardless of which pattern we adopt, we should carefully organize it and formulate special policy stipulations in line with the development needs.

When giving guidance to and formulating plans for township enterprise development, Baoding Prefecture called for priority for 20 towns and townships and 50 villages. This is a good idea. All prefectures and cities should also make efforts for two or three years to cultivate a number of towns and townships whose annual output value reaches or exceeds 500 million yuan and a number of villages whose annual output reaches or exceeds 100 million yuan. To achieve this, we should also formulate some special policy regulations based on their specific needs in development. While giving full play to the leading role of developed areas, we should attach great importance to the township enterprise development of underdeveloped areas and render proper support to them through aid-the-poor measures, support by counterparts, and other measures. However, these areas should rely mainly on the efforts of their cadres and the masses, who should carry forward an unremitting spirit of self-improvement, emancipate their minds, open their doors, clearly understand their advantages, and accurately find their way of development. Third, we should correctly understand the principle of letting the various sectors of the economy exist simultaneously

while keeping the public sector predominant. The predominant position of the public sector should be reflected in its leading role. In China, large and medium-sized enterprises and means of production that have a bearing on the national economy and people's livelihood are held in the hands of the state, and the household-based output-related responsibility system in agriculture is a form of the rural collective economy. Therefore, there is no doubt of the predominant position of the public sector of the economy. We should never fix the proportions of the output value of the three types of foreign-funded enterprises, individual enterprises, and private enterprises, still less ask counties, townships, and even villages to abide by the proportions. Judging from the development of the province's township enterprises, the output value of the collective enterprises accounts for 44.1 percent, that of shareholding enterprises 20.7 percent, and that of individual and private enterprises 35.2 percent. We should say that the development of individual and private enterprises is not enough instead of too much. Therefore, while developing as many collective enterprises as possible, we should continue efforts to greatly encourage the development of the individual and private economies. Even the localities where the individual economy amounts to a fairly large proportion should also encourage its continuous development instead of imposing restrictions on it. The small number of localities where individual and private enterprises are fairly concentrated may learn from the experiences of some provinces and establish private enterprise investment zones, also called protection zones. We should treat all enterprises, including private ones, the same as Shishi did in line with the principle of "supporting their development, levying taxes from them when they make money, and investigating and punishing them when they violate laws." In the market economy, enterprises' creditability in funds and enterprise managers' quality and reputation are extremely important competitive edges. Therefore, we should also pay attention to training a great number of outstanding entrepreneurs managing township enterprises, including private ones. We should attach importance to the work to support, train, protect, and assist entrepreneurs so that they can truly play a model and leading role in the development of township enterprises.

3. We should conscientiously strengthen leadership and establish a powerful cohesive force.

The key deciding whether we can achieve success in accelerating township enterprise development lies in whether party committees and governments at all levels have correct ideology, exercise effective organizational leadership, and grasp the essentials in their work. Concerning this issue, we should say that the party committees and governments of most localities have resolved it fairly successfully. However, some localities have not done well enough. Even the localities which have done a good job should continue to enhance their understanding in the course of practice to make their leadership more effective.

Party committees and governments at various levels and leading comrades of all departments should conscientiously consider this again. This in mind, we should constantly make the development of town and township enterprises strategically prominent, just as the comrades from Linyi say. No matter what great difficulties we may meet, we must neither weaken our determination to persistently develop town and township enterprises nor change the policies on supporting and encouraging the development of town and township enterprises. With a strong sense of dedication, a sense of responsibility, and a sense of urgency, we should make ceaseless efforts to push the town and township enterprises to a new stage.

The key to vigorously developing town and township enterprises hinges on bringing into play the leading functions of county-level organizations. Therefore, county-level organizations assume the heaviest burden and highest responsibility. Viewing the successful experiences of the counties where town and township enterprises are well developed, we should affirm and popularize their achievements in strengthening the county-level leadership. First, principal party and government leading comrades should personally attend to this. Party and government organizations should clearly divide the work but must not divorce themselves from the central link of economic construction. In grasping the development of town and township enterprises, party committees should pool the wisdom of the masses, define the ideology of development, grasp policy orientation, and help enterprises eliminate various kinds of obstacles for development. Top leaders of party committees should personally organize forces to help develop some large projects. As for work arrangements and distribution of forces, we should put the development of town and township enterprises in a prominent position. Each and every county should assign a deputy secretary and a deputy county head to take charge of this work. Second, several leading bodies should "play the opera on the same stage" and pool efforts. County party committees should organize the forces of several leading bodies in line with the central link of economic construction, divide the work according to work requirements and their special features, and cooperatively do their work based on their own responsibilities. Some counties have made outstanding achievements in this regard. We should conscientiously study and develop their experiences. Third, we should strive to improve the leadership. At present, we should pay particular attention to studying the market economy. At the beginning of the year, I inspected southern China and was deeply impressed by one detail. That is that the comrades there often handled affairs according to the "international practice." International practice means a basic knowledge of the market economy. In early August, I inspected northeastern China and found that the whole province as well as all enterprises in the province were analyzing the market situation and studying appropriate countermeasures after China's restoration as a signatory state to GATT. All of them were studying the market economy. Developing the socialist market economy is a new and



major science. The comrades of all departments at various levels should conscientiously study this. To study the market economy, we should personally engage ourselves in the practice of developing town and township enterprises and personally solve the problems occurring in the course of building major projects and developing the economy. We cannot temper ourselves only by convening meetings, making speeches, or issuing documents. We should select and promote town and township entrepreneurs with scientific and technological knowledge and with the awareness of developing the economy, handling public relations, doing pioneering work, and running risks for county and township (town) leading positions so as to improve our cadres' structure.

By no means is the development of town and township enterprises a matter only for our county and township levels or the departments responsible for the work of town and township enterprises. The province, prefectures and cities, and all departments have this unshirkable duty. Party committees and governments at various levels should not only formulate plans for developing town and township enterprises but also do a good job in coordinating the relations between various levels, between different departments, and between different regions so as to create good conditions for the development of town and township enterprises. We should make ceaseless efforts to investigate cases of refusals to implement the existing policies and particularly cases of some departments arbitrarily apportioning expenses to town and township enterprises or wantonly imposing fines on them. Simultaneously, we should delegate powers to counties and townships, give free rein to them, and have them do pioneering work and take the initiative by themselves. All specialized economic departments should offer quality service to town and township enterprises in the tax, industrial and commercial, and financial spheres. We should comprehensively implement the relevant policies and measures given by the provincial party committee and the provincial government, revise and suspend the outdated regulations noticeably affecting the development of town and township enterprises, and set new policies and regulations conducive to the development of town and township enterprises according to the demands for the development of the situation. We conduct reforms to promote development, and it is certain that we will develop through reform. Policies should fit the demand of development. We should discuss affairs in a step-by-step manner and adopt special measures to handle special affairs. All departments should consider affairs according to the provincial overall economic situation and positively and actively improve their work. By no means should these departments act to block the way of advancement. The key to judging whether a department has healthy practices and has made great achievements is to judge whether its policies, regulations, work systems, and work efficiency can promote enterprise development. Rights and responsibilities should be united with each other. We delegate power to lower levels with a view to making faster development. Anyone who develops slowly should

be investigated. Enterprises should accurately use their powers, gear themselves to market demands to enliven management, gear themselves to the internal operation to improve management, improve quality, increase varieties, and strive to better the economic results.

Comrades, under the guidance of the guidelines of Comrade Xiaoping's important speeches, the reform, opening, and economic construction of the whole country as well as the whole province are deeply developing toward an unprecedentedly good situation. The provincial party committee and the provincial government believe that through the concerted efforts of all fronts, town and township enterprises across the province will certainly grasp the favorable opportunities to accelerate the development, and we will certainly greet the convocation of the 14th party congress with outstanding achievements.

### Governor Addresses Session on Provincial Work

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[Report by staff reporter: "Provincial Government Holds a Plenary (Expanded) Session"]

[Text] Yesterday, the Provincial Government Plenary (Expanded) Session analyzed and studied yesterday the province's economic situation in the first half of this year. The general appraisal is: After implementing the guidelines contained in Deng Xiaoping's remarks during his south China tour and of the Plenary Session of the Central Committee's Political Bureau, reform and opening up have gathered considerable pace, and the national economy has moved from steady recovery to healthy growth. The economic work requirements for the second half of this year are: To transform enterprises' operational mechanisms, push enterprises into the market, and accelerate the pace of development under the precondition of raising economic results. Tertiary industry should also be vigorously developed.

Governor Wang Senhao, Vice Governors Guo Yuhuai, Wu Dacai, Wu Junzhou, Wang Wenxue, Ji Xinfang, and Liu Zemin, Provincial Government Advisers Guo Qinan, Secretary General of the Provincial Government Zhao Jingfu, and other members of the provincial government were present at the Provincial Government Plenary (Enlarged) Session.

Leaders from the provincial party committee, provincial advisory commission, provincial people's congress, and provincial people's political consultative conference were invited to the meeting, including Li Ligong, Wang Tingdong, Wan Liangshi, Yan Wuhong, Zhang Jianmin, Yan Yuansuo, and Chen Degui.

Zhao Yaoren, president of the provincial higher people's court, and Fang Yaoguang, chief procurator of the provincial people's procuratorate, were also invited to attend the meeting. Members of the Provincial Government Economic Consultative Committee and persons in

charge of the relevant departments directly under the provincial authorities participated in the meeting.

Guo Yuhuai, vice governor, presided over the meeting. In his report, Governor Wang Senhao analyzed the province's economic situation in the first half of this year, and made recommendations on how to do well in economic work during the second half of the year. His evaluation of the economic situation for the first six months is that the pace of reform and opening up has greatly quickened, and the national economy has moved from steady recovery to healthy development.

**I. Production has grown steadily, economic results have been remarkably enhanced, and circulation has been further expanded.**

Given the serious drought, the production of summer grain was better than expected, and the rural economy as a whole continued its steady growth. Following last summer and autumn's dry weather, the rainfall last winter and the spring of this year was also lower than normal, and the drought and lower-than-average rainfall lasted 13 months. The total output of summer grain in the province was 2.845 billion kg, decreasing by 358 million kg, or 11.2 percent, over last year. It was not an easy job to make such achievements under the serious drought conditions.

Township and town enterprises maintained a relatively high development pace. The total output value fulfilled by the township and town enterprises throughout the province in the first six months was 16.66 billion yuan, increasing by 27.38 percent as compared with the same period last year. The total income of the township and town enterprises was 12.5 billion yuan, up 31 percent over the same period last year. The sustained growth of township and town enterprises has played an important role in the steady development of the rural economy as a whole.

The speed of industrial production increased with every passing month, the economy took a turn for the better, and losses were largely reduced. The total industrial output value of the entire province (not including industries at and below village levels) was 26.83 billion yuan, up 7.3 percent as compared with the same period last year, a 4.9 percent increase. Not only did the growth rate pick up every month, but the production and operation of large- and medium-sized enterprises also improved. The indicators of output value, product sales, profit and tax rate on capital, profit rate on costs, labor productivity, and capital turnover of the province's 272 large- and medium-sized industrial enterprises were higher than the enterprises with independent accounting at and above township levels. Moreover, the indicators of economic results of local industrial enterprises listed in the budget were better than those of the same period last year. In the first six months, sales income as well as profits and taxes increased by 18.21 and 19.14 percent respectively; and taxes on sales as well as profits and taxes turned over to the state increased by 30.5 and

24.32 percent respectively. The turnover time of circulating funds with fixed quotas and the funds held up by finished products both decreased.

In addition, the number of losing enterprises and the amount of losses declined by large margins. By the end of June, there were 281 industrial enterprises running in the red on the budget, representing a decrease of 80 enterprises as compared with the same period last year; and 20.24 percent of enterprises had deficits, down 5.56 percentage points over the same period last year.

The markets were brisk, and prices were stable. During the first half of this year, the total sales of social commodities throughout the province totaled 11.49 billion yuan, up 12.4 percent over the same period last year. The overall retail price level in the first six months rose by 5.4 percent over the same period last year.

The investment in fixed assets increased, and local construction projects enjoyed a relative upswing. During the first six months, the cumulative total of investment in fixed assets by the province's state-owned units was 2.771 billion yuan, up 18.6 percent over the same period last year. The comparatively faster growth in fixed assets has played an important role in promoting the production and development of such industries as iron, steel, building materials, machinery, and so on.

Bank deposits and loans increased, and the banking situation was stable. By the end of June, the balance of various kinds of deposits and loans in the banks throughout the province was 45.04 and 46.57 billion yuan respectively, increasing by 6.9 and 3.29 billion yuan, or 18.1 and 7.6 percent, over the beginning of this year. The net placement of currency in the markets by banks throughout the province was 2.84 billion yuan, up 39.2 percent as compared with the same period last year. The banking situation was relatively stable.

The financial revenue grew comparatively quickly. In the first six months, local financial revenue reached 2.888 billion yuan, accounting for 49.5 percent of the year's financial budgetary income, and representing an increase of 12.3 percent over the same period last year. Generally speaking, the province's financial income and expenditure were in a relatively good condition.

The people's standard of living was enhanced to a certain extent, and urban residents' disposable income for living expenses was increased by an even greater margin. During the first six months, the payroll of staff and workers throughout the province totalled 4.75 billion yuan, up 9.5 percent over the same period last year. City and town residents' per-capita income for living expenses was 679.1 yuan, up 13.4 percent over the same period last year. Under the condition of serious natural disasters and reduced output of summer grain, rural residents' per-capita cash income was 260.87 yuan, nearly the same as last year. The balance of urban and rural residents' savings reached 33.197 billion yuan by the end of June, an increase of 4.04 billion yuan, or 13.9 percent, over the beginning of this year.

**II. The intensity of reform has increased and its pace has quickened. A series of policies and measures for in-depth reform worked out by the provincial party committee and government are being carried out.**

Since last year, the provincial party committee and government have formulated a series of policies and measures one after another on further invigorating large- and medium-sized enterprises, supporting and developing collective economic sectors in cities and towns, encouraging the development of individual and private economic sectors, deepening reform, invigorating circulation, and other activities. As a result, the enterprises' decisionmaking power has been somewhat enhanced, vitality has increased, and economic results have improved noticeably. The economy of city and town collective units, township and town enterprises, as well as individual and private sectors has made even greater advances. By the end of June, the number of individual business households in the province increased to 350,500, and the number of people engaged in this sector reached 602,000, up 19 and 33 percent respectively; the number of private enterprises grew to 3,757, up 30 percent over the same period last year.

The six important tasks decided by the provincial party committee and government have made smooth progress and initial achievements. 1) The plan for 20 pilot enterprises contracting both input and output has been approved, except for Taiyuan Pharmaceutical Factory. 2) Results have been seen in the experimental work of 90 enterprises, which spread the advanced experience in the three items of internal in-depth reform gained by the Taiyuan Rubber Plant and other enterprises. 3) Rapid progress has been made, and favorable results have been seen in the effort of 70 commercial enterprises to learn from the experience of Taiyuan 1 May Department Store and pass on these lessons. 4) Of the 24 counties popularizing the reform experience of county-run supply and marketing cooperatives in Zhongyang, Wenshui, and Fanshi, 15 counties have drawn up plans and put them into practice; 10 counties have paid particular attention to establishing and perfecting the agricultural socialized service system, and noticeable results have been seen in some of them. 5) Faster progress has been made in the effort by 13 counties to assimilate and teach Xixiang County's comprehensive reform experience, and work has begun on reforming at county level organs in Lingchuan, Hunyuan, Qinxian, and Daning. 6) With regard to disseminating Houma City's experience of building rural bazaars, plans have been drawn up to build, renovate, or expand a total of 170 bazaars in various localities of the province. Twenty-four have been built at present, and over 100 are expected to be completed and put into use by the end of this year.

The experimental work of joint stock enterprises has started. Taiyuan Iron and Steel Complex, Jincheng Mining Bureau, and other enterprises have issued shares to their staff and workers. The Fenjiu Group and the Coal Mine, Machinery, and Electrical Equipment Group have been recently founded.

**III. New achievements have been made in foreign economic relations and trade, and an unprecedented positive momentum has emerged in opening to the outside world.**

Foreign trade has further expanded. In the first half of this year, the province's export volume was \$310 million, accounting for 61.3 percent of the state plan and representing an increase of 20.8 percent over the same period last year.

The export volume of foreign-funded enterprises and trade volume of marketing on reciprocal basis were \$6.87 million and \$11.12 million respectively, up 55.1 and 102.9 percent over the same period last year. The import goods amounted to \$43.41 million, up 93.6 percent over the same period last year. The losses of foreign trade enterprises reduced as compared with the same period last year.

New progress has been made in economic and technical cooperation. In the first half of this year, 70 foreign-funded enterprises were approved, the total project investment amounted to \$82.15 million, and the negotiated foreign investment amounted to \$35.269 million, accounting for 42.9 percent of the total investment amount, and exceeding last year's figures. A total of 33 foreign-funded enterprises were approved in June alone.

In early July, we successfully held the Shanxi Provincial Export Commodity Trade Fair and Economic and Technological Trade Talks in Hong Kong. The volume of export trade transactions reached \$86.62 million, and 45 projects were negotiated and contracts signed with a total investment of \$710 million, in which foreign capital to be utilized totaled \$640 million.

By and large, the province's economic situation in the first six months was good, the pace of reform and opening up has increased, and the conditions for faster economic growth have taken shape. While affirming our achievements, however, we should also keep a sober mind and note that we still lag behind in many respects when compared to the national average. There are still quite a few difficulties and problems in the economic sphere. The principal ones are as follows:

First, continuous drought has posed a serious threat to agricultural production. Owing to the drought, sowing had to be delayed for nearly 2 million mu of autumn crops, and over 4 million mu lacked sufficient seedlings. As an effect of the drought, insect pests are now rampant in a comparatively large area. Hence, we are seriously faced with the task of combating drought to ensure harvests.

Second, the contradiction of poor capabilities in communications and transport has become increasingly prominent. During the first half of this year, the province's coal output decreased by 3.6 percent over the same period last year. The contradiction of "proportion between black and white" [hei bai bi 7815 4101 3024] in transports was more conspicuous. At present, about 8 million tonnes of materials, including steel, chemicals,



building material, among others, have been stockpiled awaiting transportation. For this reason, quite a few enterprises are being confronted with the danger of suspending production.

Third, economic results are still relatively low. The economic recovery and deficit reduction in the first half of this year were of a restorative nature as they had picked up from a low level base. We should have a clear-headed understanding about these facts.

Fourth, safety conditions have somewhat improved, but major accidents still occur from time to time. In the first half of this year, 850 people died in traffic accidents on roads, and 516 people died in accidents in factories and mines, down 0.9 and 32.9 percent respectively as compared with the same period last year. Nevertheless, there was still the occasional serious accident.

Governor Wang Senhao's economic work plans for the second half of this year are as follows:

**I. Further deepen reform, emphasize the transformation of enterprises' operational mechanisms, and push enterprises into the markets.**

It is necessary to vigorously carry out the "Regulations on Transforming Operational Mechanisms in Industrial Enterprises Under Ownership by the Whole People" promulgated by the State Council. Various government departments must take the initiative in examining the documents they issued in the past (including the documents issued in the name of the provincial government). Those that contravene the "Enterprise Law" of the "Regulations" should be annulled or amended.

When the government changes its functions, it should shift its chief functions to macro management. In line with the principles of separating administration from enterprises, the government should exercise coordination, supervision, and management over enterprises according to law, and provide service to them. Moreover, it should create conditions for enterprises in transforming operational mechanism in the following four aspects: 1) Stepping up macroeconomic regulation and control as well as the management of trades; 2) cultivating and perfecting the market system and giving full scope to market regulation; 3) instituting and perfecting the social insurance system; and 4) developing and perfecting public facilities and public welfare undertakings in relation to enterprises so as to lighten enterprises' social burdens.

**II. Seize the favorable opportunities to open wider to the outside world.**

In foreign trade, it is necessary to continuously practice the overall contract and export agency systems, grant Taiyuan City greater power in handling its own exports, positively create conditions, strive to open Datong, Yangquan, and Changzhi directly to the outside, expand the import and export operation power of large- and

medium-sized state enterprises, and increase the awareness and capability of production enterprises to directly enter international market competition. We will encourage large- and medium-sized enterprises to set up joint ventures with foreign manufacturers with tremendous financial strength and advanced technology; encourage urban and rural collective enterprises to import foreign capital to set up foreign-funded enterprises and run the business of processing with supplied material, drawings, and samples, assembling with supplied parts, and compensation trade; give full scope to the advantages of urban and rural collective enterprises' flexible mechanisms, and enable them to become a vital new force in developing the export-oriented economy. We will positively improve the production and operation conditions for foreign-funded enterprises, help them overcome difficulties, and bring into full play the role of the foreign-funded enterprises in earning foreign exchange through export.

The foreign trade enterprises should further break with the idea of exclusive operation, and should establish the concept of export through multiple channels; change the practice of unitary operation by which attention is paid to export procurement only, and develop a diversified economy including production, processing, domestic trade, investment, real estate, and so on, focusing on foreign trade and foreign economic relations. We should open up international markets in multiple directions. While solidifying the markets in Hong Kong, Macao, Japan, Western Europe, and North America, we should actively expand economic and trade contacts with Eastern Europe, the CIS, Southeast Asia, Middle East, Latin America, and Africa. We will organize more enterprises to participate in the Urumqi Border Trade Fair in September as well as the large-scale economic and trade activities planned for October, including the Guangzhou Export Commodity Trade Fair, the Xiamen Briefing on Inviting Foreign Investors, and others, in a bid to conclude more export transactions. The State Council has approved our application to handle coal exports independently, and we should carry out this policy effectively, giving full play to the role of independent coal export operation in promoting our province's opening up effort.

The establishment of development zones is an effective way to speed up industrial structural adjustment, open wider to the outside world, and attract foreign funds. We will provide favorable terms and concentrate our energies on properly running the Taiyuan New High-Tech Development Zone, and will make positive efforts to set up Taiyuan and Datong Economic and Technological Development Zones and the Changzhi New High-Tech Industrial Experimental Zone.

**III. Accelerate the pace of development on the premise of raising economic results.**

With regard to industrial production, we will persistently seek unity in speed and results. Earlier this year, the provincial party committee and government proposed

that the guiding ideology of this year's economic work was to take firm hold of a central task and persist in three focal points, i.e., take raising economic results as a central task and persist in accelerating reform and opening up, adjusting the product mix, and promoting scientific and technological progress. This guiding ideology is correct, so we should continue to unswervingly put them into practice during the second half of this year.

We should strive for a faster economic development speed on the premise of raising economic results. On the speed issue, we should admit that our subjective efforts were not enough. Some industries and enterprises developed slowly, though; if their products were marketable, they would have made faster progress. It was particularly the case in a few key projects, which failed to start construction long after a decision on the projects had been made; which failed to be completed and put into production on schedule after starting construction, due to the delayed time limit for the projects; and which failed to meet the requirements of production and economic results after going into operation, due to a long history of abnormal production. There are really quite a few problems in this respect, but great potential still exists. The pace of industrial development in our province can be quicker if only our key projects, including the capital construction and technological transformation projects, can speed up their progress and raise their investment results. It is possible for the yearly industrial growth rate to reach 10 percent or so. We must not compare our pace with others lightly. We must guard against the blind pursuit of high output and speed and the production of inferior and unmarketable goods in order to avoid new stockpiles and debts. What merits our attention is that, in the first half of this year, funds held up by industrial enterprises' finished products rose again as compared with the beginning of this year, and new debt chains emerged afresh. This tendency should be checked.

#### **IV. Vigorously develop tertiary industry.**

In light of the reality in our province, the work of expediting tertiary industry focuses on "three major trades and tourism" with the objective of setting up "three major systems." These are: the circulation trade (including commerce, materials, grain, supply and marketing, foreign economic relations and trade, and so on), communications trade (including railway, highway, aviation, post and telecommunications, and so on), financing trade (including banking, insurance, and so on), as well as tourism, which should be taken as the leading trades in developing the tertiary industry of our province. Their development should be accelerated, and preferential policies should be granted to them in a bid to bring about the growth of the entire service sector and other industries, and to incrementally set up a complete tertiary industrial system which is in keeping with the reality of our province. This complete system includes the socialist unified market system, the urban and rural comprehensive socialized service system, and the social

insurance system. After a considerable time to come, the growth rate of tertiary industry should be noticeably higher than that of the first and secondary industries in our province.

To develop tertiary industry, it is necessary to stick to an industrialized and socialized orientation. Most units in this industry, which are of a welfare, public benefit, and service nature, should be incrementally changed to operational units and administered as enterprises. Moreover, it is necessary to persist in boosting tertiary industry with the joint efforts of the state, collective, and individual sectors, encourage the individual and private operators to run tertiary industry on a grand scale, and make things convenient for them. Various kinds of examination and approval procedures should be simplified, cities' gates should really be opened wide, and preferential policies should be adopted to encourage peasants to run tertiary industry in cities. Similar preferential policies should be granted to urban factories and enterprises in running tertiary industry, and surplus labor and young people waiting for job assignments should be absorbed in the service sector.

#### **V. Vigorously combat drought to ensure the autumn harvest, develop township and town enterprises, and strive by every means to produce less and earn more.**

At present, autumn crops are confronted with serious drought, as nearly 60 percent of farmland in the province has been hit by the drought, with the affected area reaching 30 million mu. There are still 800,000 mu of land left unsown due to the drought; no seedlings emerged after sowing 500,000 mu of land, and there is a serious condition of insufficient seedlings for 2.2 million mu of land. In the province, 3.44 million people and 410,000 draft animals are having difficulty getting drinking water. Although it rained a little recently, the drought situation in some areas have not been eased. That is why we still must vigorously combat drought to ensure the autumn harvest and must take various measures to reduce to the minimum the losses caused by the drought. Various departments should guarantee that they have the necessary funds, materials, and energy supplies to combat drought. The provincial government has allocated some funds to various localities, and financial departments at all levels should try their best to squeeze some of their funds to be used for this purpose. The electric power department should guarantee electricity and the petroleum and agricultural machinery departments should concentrate the use of diesel oil toward combating drought.

We will continue to carry out the "30 measures" formulated by our province and will apply the policy sufficiently and appropriately with a view to achieving a major development in our province's township and town enterprises. At the same time, we will energetically develop household industrial and sideline production.

# **VI. Continuously persevere in cracking down on serious criminal activities and maintain political and social stability.**

At present, the public security situation is, on the whole, good in our province, but there are still a number of destabilizing factors. In some places, criminal activities are still rampant, serious murder cases have occurred unceasingly, and the safety of the people's lives and properties remains unsecured. Drug taking and trafficking, prostitution and whoring, abduction and sale of women and children, gambling, and other ugly social phenomena are still spreading, which seriously corrupt our social morals. In this regard, governments at all levels should take the "crackdown with heavy blows" as a long-term strategic task and should persevere in striking heavily at and suppressing all sorts of criminal activities and ugly social phenomena to safeguard the people's lives and properties and optimize the social environment. We should severely deal with major economic criminal activities and those offenders who have committed theft, sabotage of production facilities and of communications and telecommunications equipment, as well as assault and retaliation against factory directors and managers who are bold in reform, in accordance with the law so as to safeguard and promote the smooth progress of reform and opening up. We should also pay close attention to the struggle against the offenders who have caused serious losses by dereliction and neglect of duty. Their criminal responsibilities should be investigated and appropriate action should be taken in accordance with the law.

In making arrangements for the economic work in the second half of this year, Governor Wang Senhao particularly called for cadres at all levels to further emancipate their minds and pointed out the current principal problems, which show that the emancipation of mind has not been very well effected. They are:

First, the main obstruction still came from "left" ideological influence. For some cadres, the issue of "socialism or capitalism in nature" has not yet been well resolved. Some comrades are still doubtful about the capitalist operation and management modes we are emulating and utilizing, fearing all the time that this will lead to the "capitalist restoration." Others have attributed certain negative and corrupt social phenomena to reform and opening up, always feeling that "the present is inferior to the past." On the one hand, they admit the economic prosperity brought about by reform and opening up but, on the other, they are in a hesitating and wait-and-see state of mind and are unable to plunge themselves wholeheartedly into the reform torrent, as they always frown upon things around them which do not suit them very well.

Second, some leading cadres consider matters from the conventions which are no longer suited to the new situation and do not proceed from being "beneficial in three aspects," [san ge you li yu 0005 0020 2589 0448 0060] as pointed out by Comrade Xiaoping, or from the

actual condition which can be tested through practice. We must develop the spirit of daring to take risks in making experiments to pioneer a cause and daring to make breakthroughs in order to explore new ways of doing things. More often than not, the gap between us and the rapidly developing provinces and cities lies in the fact that they are advancing courageously without sticking to outmoded conventions, while we still carefully confine ourselves to the rules and regulations, and we are thus trapped by them. Only when such rules and regulations were explicitly revoked did we begin to act but, as we started late, we already lagged behind.

Third, a few leading comrades are always afraid of "suffering losses" in opening up and importing foreign capital. After repeated considerations, they still find themselves in a disadvantageous position and, because of their hesitation, they have lost opportunities and failed to accomplish anything. If they did suffer some losses, they would make strong criticisms and hamper others' initiative. As Qinghai is an interior province, it has a less favorable environment and conditions for developing an export-oriented economy than the coastal region. Therefore, we must grant more benefits to others in order to attract foreign capital. On this issue, we must take overall rather than partial benefits into account and must consider the long-term rather than the present benefits. Instead of being short-sighted, we must view things on a long-term basis.

Fourth, a few leading comrades verbally support structural reform but, once reform touches on their own interests, they oppose it. They usually center the matters under consideration around the partial interests of their own regions or departments, set up barriers in the regions and departments, and strive to have their units small but comprehensive. As they do not have an overall situation in mind, they only take short-term views. This is an ideological influence of the old feudal separatist rule and the small-scale peasant economy, which seriously hinders our progress.

Fifth, some counties in our province are still sealed off and have difficulty getting access to the latest information. The production of local agricultural, sideline, native, and special products, from processing to packaging, has not been changed—even slightly—for decades. The cadres there are satisfied with the existing state of affairs and are content with adequate food and clothing. When they have made some achievements, they are quite complacent. As they have not cherished any aspirations, they have no wish for innovation.

There are also many instances to be cited concerning the ideological influence among the cadres of the "left" tendencies, of outmoded traditional concepts, and of the small-scale peasant economy. This shows that the task of emancipating the mind and updating concepts is still very formidable. If we want to attain faster and better development in reform, opening up, and economic construction in our province, we must continue to pay close attention to emancipating our minds. When our minds



have been emancipated, we will become quick-witted and will be able to continuously initiate new situations, as we will have more and broader ways to think about this issues involved. This is the precondition of doing our work well in the second half of this year.

Vice Governors Guo Yuhuai, Wu Dacai, and Wu Junzhou also made speeches at the meeting.

### Northeast Region

#### Harbin To Begin Building Hydroelectric Station

SK2809143292 Harbin HEILONGJIANG RIBAO in Chinese 16 Sep 92 p 1

[By reporter Zhang Lin (1728 7792): "Lianhua Hydroelectric Station Will Begin Construction in October"]

[Text] Our reporter learned from the first meeting of the Lianhua hydroelectric station construction leading group which ended on 14 September that the main part of the Lianhua hydroelectric station construction project, one that attracts the attention of the people across the province, will begin construction in October after more than two years of preparations. A river will be dammed after floods in 1994 and the first power generating units will be completed and will generate power in 1996.

Lianhua hydroelectric station is jointly built by the State Energy Investment Corporation and our province. In July of this year, it was formally approved by the State Council as a key energy construction project during the Eighth Five-Year Plan period and the Ninth Five-Year Plan period. According to the plan, the installed capacity of this project during the first-phase construction period is 550,000 kw and the total investment is 1.812 billion yuan. It is the largest hydroelectric project in our province. The State Energy Investment Corporation and the provincial government signed the investment agreement in August 1990. After that, the provincial Planning Commission, the provincial Power Resources Bureau, the Northeast Water and Power Resources Prospecting and Design Institute, and other departments spent more than one year to successively complete investigation on the actual inundation situation in the reservoir area, the report and examination on the plan of relocating and settling the people, the investigation on the initial design of the project, and the feasibilities study and appraisal, and began preparations for the construction of the project in early February of this year.

At the leading group meeting, Vice Governor Chen Yunlin said: The building of Lianhua hydroelectric station has played an impetus role in accelerating our province's hydroelectric resources development and utilization. Our province is extremely rich in water resources, and the explorable hydroelectric resources may reach 6.12 kw. So far, the total installed hydroelectric capacity is only 214,000 kw. In order to rapidly end our province's situation in which there are too many

thermal power stations and too few hydroelectric stations and the power grid has been operating costly, irrationally and unsafely for a long time, the provincial party committee and the provincial government have decided to firmly grasp the Lianhua hydroelectric construction project as a leading project of developing and utilizing the existing water resources in an effort to stimulate the development of the whole province's water resources.

Chen Yunlin called on all trades and professions and all departments throughout the province to give consideration to the overall situation, to share the difficulties, and to actively support the construction of Lianhua hydroelectric station.

Lu Youmei, vice minister of energy resources, also addressed the meeting.

#### Heilongjiang Begins Construction on Reservoir

SK2809131992 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 27 Sep 92

[Summary] The (Xiquanyuan) Reservoir, the largest of its kind in the province, started construction on 27 September in (Xiquanyuan) Village in Acheng city's Pingshan Town. Yan Keqiang, vice minister of water resources, and Tian Fengshan and Cong Fukui, leaders of the province and Harbin city, made speeches at the construction beginning ceremony and laid a foundation for the reservoir.

(Xiquanyuan) Reservoir is a project with the function of controlling water volume of (Ashi) River. The planned investment in the project is 115 million yuan. With a total storage capacity of 478 million cubic meters, (Xiquanyuan) Reservoir covers a total area of 40 square km. Upon completion of this reservoir, the antiflood capacity of the farmland on the lower reaches of (Ashi) River will be raised from having flood conditions once every 10 years to flood conditions once every 20 years and the antiflood capacity of Acheng city will be raised from flood conditions once every 20 years to flood conditions once every 50 years. At the same time, this reservoir will have the functions of irrigation, flood control, waterlogging drainage, fish raising, and power generation. In addition, with the completion of this reservoir, the environment around the reservoir will be improved and tourists' resources will be provided. With a good quality of water, the reservoir will be developed into a reserve source of drinking water for the people in Harbin city.

#### Heilongjiang Opens China Northern Airline Branch

SK2809134992 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 26 Sep 92

[Text] The Heilongjiang branch of China Northern Airline formally opened on 26 September.

This branch has four different kinds of airplanes numbering 24 airplanes in all. It will open 24 domestic air routes; several international air routes, including one between Harbin and Khabarovsk of the Russian Federation; and air routes from Harbin to Hong Kong and Japan's Aomori Prefecture and [words indistinct] serving with chartered planes.

To further expand the scale of opening Heilongjiang Province to the outside world, this branch will exert great efforts to promote its civil aviation service in the next few years and will add some regular scheduled flights. From March 1993, the branch will add the scheduled flights from Harbin to Beijing, Shanghai, and Guangzhou with a view to establishing, in a step-by-step manner, the air routes with the majority of capitals of the provinces and municipalities, coastal open cities, and economic centers. The branch plans to open international air routes from Harbin city to the Russian Federation, Singapore, and Japan.

Leading comrades Ma Guoliang, Cong Fukui, and Wang Pei attended the news briefing sponsored by the Heilongjiang branch of China Northern Airline on 26 September.

### He Zhukang Inspects High-Tech Development Zone

SK3009103892 *Changchun Jilin People's Radio Network*  
in Mandarin 1030 GMT 29 Sep 92

[Text] On the morning of 29 September, He Zhukang, secretary of the provincial party committee, Gu Changchun, deputy secretary of the provincial party committee, and Feng Ximing, standing committee member of the provincial party committee and secretary of the Changchun City Party Committee, together with some other leaders of Changchun city, went to the Changchun High-Tech Industrial Development Zone to inspect and guide the work, fully affirming the policies adopted by the zone.

At about 0800 that morning, they first went to the newly built district of the development zone and heard the report on the development and construction situation of the district and on the [words indistinct] planning. They also inspected the plant houses of the district. At the Changchun Scientific and Technological Pioneering Center, they participated in the [words indistinct] and talked with leaders of some enterprises.

After hearing the report on the zone's development situation, its development orientation in the future, and reports on the Changchun City Electronics Plant, the (Huaji) Company of the Jilin Engineering College, [words indistinct], and the Changchun High Technology Application and Research Institute, He Zhukang said: It is an important policy decision of the CPC Central Committee to build development zones. We should well understand the great significance of this policy decision.

We should not only do all the work well in the development zones, but also promote the development of productive forces of the whole society. He added: To embark on a new stage, we should depend on science and technology in addition to depending on continuous transformation of the operational mechanism. As one of the first batch of development zones of the country, the Changchun High-Tech Industrial Development Zone should continuously make experiments and accumulate as many experiences as possible to guide the work in the future.

He Zhukang pointed out: Development zones are a new concept that have emerged from the process of reform and opening up and thus should be continuously improved in the reform process. High-tech institutes themselves should handle affairs according to scientific law. High-tech enterprises should orient themselves to market demands, integrate and cooperate with others within the scale of large market, and give full play to the scientific and technological advantages of the province's colleges and universities as well as scientific research institutes to organize various kinds of lateral associations. We should energetically develop the foreign-funded enterprises of three types. We should not, however, develop such enterprises just for the purpose of development, but should develop them in line with practical demands.

He Zhukang said: The investment environment of development zones should be improved further. To this end, we should boldly emancipate the mind, and delegate all powers to enterprises that should be delegated. He expressed hope that comrades at the Changchun High-Tech Industrial Development Zone would enhance their confidence, boldly plunge into practice, and take a good lead in creating the situation of striving for first-rate achievements throughout the province.

### Wu Yixia Meets Visiting World Bank Delegation

SK3009110292 *Changchun JILIN RIBAO in Chinese*  
13 Sep 92 p 1

[Text] An eight-member group of the World Bank headed by Mr. (K. Syvenaiyagan), arrived in Changchun on 10 September to conduct a 20-day investigation in the province for developing Songliao Plain. Wu Yixia, vice governor of the provincial government, met with the members of the investigation group on the evening of 20 September at Nanhu Guesthouse and held cordial and friendly with them. Wu Yixia expressed warm welcome to the investigation group. He introduced the provincial agricultural development situation and the preparations for developing agriculture on Songliao Plain to the guests. Mr. (K. Syvenaiyagan) thanked Vice Governor Wu Yixia for meeting with them and pledged to exert greatest efforts to help develop agriculture on Songliao Plain. Yang Qingcai, deputy secretary general of the provincial government; Liu Jisheng, chairman of the provincial planning and economic committee; and Guo

Shaokun, vice chairman of the provincial foreign affairs office, were present at the meeting.

### **Liaoning Achieves Gratifying Economic Results**

SK2809221892 *Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 26 Sep 92*

[Excerpt] The province's situation in agriculture and rural economy is gratifying this year. It is estimated that the total provincial grain output this year will continue to be stabilized at 15 billion kg, the total output value of township and town enterprises will reach 70 billion yuan, the total output of meat, eggs, milk, and aquatic products will surpass 3 million tonnes, the total product of rural society will surpass 100 billion yuan, and the per-capita net income of peasants will reach 950 yuan.

Since the beginning of this year, the province's agricultural production has been affected by natural disasters one after another. Spring cold, summer drought, low temperatures, and insects have brought numerous difficulties to agricultural production. However, thanks to the arduous struggle of cadres and the masses in rural areas and to their firm idea of striving for bumper harvests by combating disasters, the province has minimized the losses caused by all sorts of disasters. Except for part of the areas in the southern and western provinces whose grain output has been reduced due to natural disasters, all areas have registered an increase in grain output at varying degrees. In particular, the plain in the central province and the areas in the northern provinces have registered an even bigger increase in grain output. It is a foregone conclusion that the province's total grain output is stabilized at 15 billion kg. Of this, wheat output is a record high. Cotton output is 60,000 tons more than that of last year. A bumper harvest has been reaped in such cash crops as peanuts, beets, and flue-cured tobacco. The targets set for forestry, animal husbandry, and fishery at the beginning of this year have all been fulfilled as well. Fruit output is estimated at 600,000 tonnes, an increase of 60 percent over last year. Supply of foodstuffs in urban and rural areas is even more abundant.

The province's township and town enterprises have embarked on the orbit of healthy development, giving rise to a good trend of simultaneous increases in growth rate and economic efficiency. It is estimated that the total output value of township and town enterprises this year will surpass 70 billion yuan, an increase of 27 percent over last year. The profits netted by such enterprises will reach [words indistinct] yuan, and the value of goods delivered for export by such enterprises will reach 4.5 billion yuan. [passage omitted]

### **Shenyang Completes Section of Expressway**

OW3009074992 *Beijing XINHUA in English 0657 GMT 30 Sep 92*

[Text] Shenyang, September 30 (XINHUA)—This capital of northeast China's Liaoning Province has completed 16 km of its 85-km round-the-city expressway.

The expressway will cost 810 million yuan. Most of the funds will be collected by the city itself, and the rest will come from the Ministry of Communications and the Liaoning provincial government. The whole project is expected to be finished in 1995.

The expressway will connect up with the Heihe-Dalian, Beijing-Harbin and Dandong-Huolinhe highways, greatly easing the traffic congestion in the city.

By the end of the Eighth Five-Year Plan period (1991-1995) the total highway mileage of Shenyang will reach 185 km, including the Shenyang-Dalian expressway.

## **Northwest Region**

### **County Secretary Arrested for Violating Policies**

HK2909053092 *Xian Shaanxi People's Radio Network in Mandarin 0030 GMT 23 Sep 92*

[Excerpt] The provincial party committee discipline inspection commission issued a notice a few days ago to every unit throughout the province to the effect that the case in which Qianxian County authorities arbitrarily changed agricultural domiciles to nonagricultural ones in violation of relevant policies has been closed. The former Qianxian CPC Committee Secretary (Peng Minsheng) and former vice magistrate (Xu Yeshan) were arrested according to law, and 30 cadres involved in the case were punished for violating party and government discipline. The relevant economic crimes and illegal cases are under investigation. [passage omitted]

### **Higher Learning Assistance Conference Concludes**

HK2509152892 *Urumqi Xinjiang People's Radio Network in Mandarin 1600 GMT 18 Sep 92*

[Excerpt] The second conference on coordinating assistance to Xinjiang by institutes of higher learning in the hinterland ended this afternoon.

The meeting decided that from 1993 to 1995 institutes of higher learning in the hinterland will train 1,000 ethnic regular course students, preparatory course students, and research students for Xinjiang every year, and train ethnic teachers and ethnic cadres managing physical education to improve the physique of Xinjiang's sophisticated professionals, thus meeting the need of Xinjiang's economic development for sophisticated polytechnic [words indistinct] professionals.

Leaders from the State Education Commission, the State Nationalities Affairs Commission, and other departments concerned as well as from the regional party committee and government Song Hanliang, Tomur Dawamat [regional people's government chairman], and Keyum Bawudun attended the closing ceremony.

(Gu Fuchang), State Education Commission [words indistinct] Committee member, made a concluding speech.



Regional party committee Secretary Song Hanliang delivered a speech at the meeting. He said: In the last three years following the first conference on coordinating assistance to Xinjiang by institutes of higher learning in the hinterland, under the direct leadership of the State Education Commission and State Nationalities Affairs Commission, institutes of higher learning in the hinterland have trained and provided quality ethnic university students, ethnic research students, and ethnic cadres for Xinjiang and trained a great number of qualified personnel badly needed for Xinjiang's economic construction and social development. The assistance provided by institutes of higher learning in the hinterland, which was geared to Xinjiang's needs, has not only promoted Xinjiang's ethnic educational development, but also widened our horizon in developing ethnic higher education.

After briefing the audience on Xinjiang's current economic and political situation, Song Hanliang said: Xinjiang's massive development and construction and its great cause of reform and opening to the outside world is in great need of a great number of qualified personnel who have mastered modern techniques of production and scientific knowledge, and who are good at management and administration. Hence, in a sense, the key to Xinjiang attaining its magnificent goal lies in whether it has sufficient qualified personnel at its disposal. We sincerely hope the State Education Commission, the State Nationalities Affairs Commission, and universities and colleges in the hinterland will, as always, vigorously support Xinjiang's educational enterprise and train for

Xinjiang more qualified personnel needed for construction, especially ethnic professionals of all types. [passage omitted]

#### **Commodity Inspection Group Meets Xinjiang Leaders**

*OW 2809091892 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 27 Sep 92*

[From the "Xinjiang News" program]

[Text] Members of a law enforcement fact-finding delegation held discussions with people's congress and government leaders from our region on the morning of 26 September. The delegation was sent by the National People's Congress Standing Committee to Ili and Kashi Prefectures on a commodity inspection trip. Delegation members discussed their findings and the problems they had uncovered during their trip.

During the discussions, comrades from the delegation said that our region had done concrete work in commodity inspection. Nevertheless, they noted: Many localities have yet to establish commodity inspection organs. Those places which have formed such organs have insufficient staffing. This is inconsistent with Xinjiang's state of reform and openness.

Wang Juan, director general of the General Administration for Inspection of Import and Export Commodities, proposed that the state set up commodity inspection organs in conjunction with localities by providing funds and equipment. Participants in the discussions unanimously approved the proposal.

### Direct Flights Between Taiwan, Mainland Urged

OW2609224092 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 24 Sep 92

[From the "News and Current Events" program]

[Text] Since Taiwan's Mainland Affairs Council [MAC] has officially made public a document explaining its policy on direct flights or navigation between the two sides of the Taiwan Straits, Tang Shubei, permanent deputy president of the Association for Relations Across the Taiwan Straits [ARATS], granted an interview to a reporter from Taiwan. In the interview, Tang Shubei answered some questions concerning direct flights or navigation between the two sides of the strait. (Yi Xinwen), an editor from this station, has written a news commentary regarding this. It is entitled "The Sincerity of the Two Sides Is Being Tested on the Issue of Direct Flights or Navigation between the Two Sides of the Strait." The commentary was read by (Jin Di).

In the interview, Tang Shubei pointed out that it is true that some specific questions concerning direct flights or navigation between the two sides of the strait need to be resolved. So long as the two sides, with the principle of one China in mind, can sit down for a discussion, they will be able to find a way to solve problems and reach an agreement acceptable by both sides. He suggested that both sides should lose no time in empowering nongovernmental organizations to hold talks on this matter.

The mainland side has consistently held that cross-strait direct flights or navigation should be put into effect as soon as possible, that economic cooperation and exchanges in various spheres between the two sides of the strait should be strengthened first, that the establishment of postal links, trade relations, and air and shipping services should be realized at an early date if political issues cannot be resolved for the time being, and that man-made political obstacles should be avoided.

Tang Shubei told the reporter: If the Taiwan side really wants direct flights or navigation, it is possible to find a way to solve the question of the national flag and emblem. Direct flights or navigation between the two sides of the strait are an internal affair. It is not necessary for aircraft flying domestic routes and Chinese vessels at the sea to show the national flag or emblem. Each year the number of trips made by Taiwan residents to the mainland for the purpose of sightseeing, trade, work inspection, and various exchange activities exceeds one million. Although they held documents issued by the Taiwan authorities, no difficulties emerged because of the technical measures taken by the mainland side. The key issue is whether there is sincerity for direct flights or navigation. If there is sincerity, all difficulties or obstacles can be overcome. In the document explaining the issue of direct flights or navigation between the two sides of the Taiwan Strait, the Taiwan side set a series of preconditions, such as recognizing Taiwan as an equitable political entity, and also asserted that direct flights or navigation would pose a problem for security. In fact,

the Taiwan side was setting up political obstacles against direct flights or navigation across the Taiwan Strait.

Taiwan's ZHONGGUO WAN BAO [CHUNG KUO WAN PAO] pointed out that direct flights or navigation are purely commercial in nature. It is impossible to have direct flights or navigation if politics is involved. This is very disappointing because the Taiwan side ignores the needs of the people. The Taiwan side tried to hamper direct flights or navigation by raising the questions of a political nature before both sides have sat down for discussions. People cannot but suspect that this is a pretext the Taiwan side is using to oppose direct flights or navigation, or a method it is using to confuse people's minds and to evade the people's will.

More and more people in Taiwan are calling for direct flights or navigation. Each year more than 1 million people from Taiwan visit the mainland. Complaints have been heard everywhere about the huge financial losses caused by the fact that they had to make a detour to a third country or region before coming to the mainland. Recently, public opinion in Taiwan pointed out that South Korea had established diplomatic relations with China. Large numbers of South Korean businessmen are investing on the mainland. If Taiwan businessmen fail to reduce costs through the establishment of direct flights or navigation, they will be badly beaten by South Korean businessmen. Direct flights or navigation have a bearing on the vital interests of the 20 million people of Taiwan and also constitute an important step to (?reduce hostility), promote exchanges between the two sides of the strait, and realize the peaceful reunification of the country. Political differences should be temporarily shelved. The top priority now is to show sincerity in solving the issue of direct flights or navigation across the strait.

According to a report, entrusted by the MAC, a team of Taiwan scholars will set out for Beijing on 29 September to hold nonofficial talks with relevant departments on the issue of direct flights or navigation. So long as both sides are sincere in holding discussions in a practical manner, the realization of direct flights or navigation between the two sides of the strait will not be far off, and that will bring the people on the two sides of the strait even closer.

### Cross-Strait Relations With Taiwan Viewed

HK2509143092 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 36, 7 Sep 92 pp 21-22

[Article by Guo Xiangzhi (6753 4161 2655), deputy director of the Institute of Taiwan Studies of the Chinese Academy of Social Sciences: "The Present State of the Division Between the Two Sides of the Taiwan Strait and the Positioning of Cross-Strait Relations"]

[Text] Abstract: It is highly unfeasible to equate the separation between the two sides of the Taiwan Strait with the separation in other nations, such as East and West Germany and South and North Korea, which were

also divided after World War II and to attempt to solve the relevant problems between the two sides of the strait by copying the formulas of those countries in handling their own relations, for it is a deviation from the objective realities on both sides of the strait.

The unique state of separation between the two sides of the Taiwan Strait mainly finds expression in the peculiarity of the background, the partiality of division, the certainty of the main part, and the profundity of differences. Under such circumstances, the two sides of the strait are on no account two completely "equivalent political entities" and any political integration of the two sides will eventually and inevitably result from appropriate balancing of the mainland's status as the main body with Taiwan's special status.

Both sides should go about the relevant issues between them with a rational and realistic attitude. As far as the mainland is concerned, it should not look at the problems facing Taiwan from a big country's point of view and should consider Taiwan's difficulties at all times and take account of its interests when problems arise. As far as Taiwan is concerned, it should adopt a practical attitude and refrain from self-inflation and even bullying the other party, which is bigger than itself, or scrambling for equivalence at all times and on all occasions. [end abstract]

With substantial cross-strait relations in economic, cultural, and other fields developing in greater depth, solving the political problems between the two sides is a subject that has become increasingly urgent and prominent. Obviously, if the problems in this area are not gradually solved, steady development of cross-strait relations would be impossible and the reunification of the two sides would lack a foundation. But the practice of developing cross-strait relations over the years indicates that the key to gradually solving the political problems between the two sides lies in how the two sides face the fact of cross-strait separation with a realistic attitude and seek out a solution that caters to the realities on both sides.

However, a noteworthy phenomenon that has emerged in the development of cross-strait relations at present is that with the mainland policy of the Taiwan authorities maturing, the tendency of deviating from the realities on both sides in how they handle cross-strait relations is also standing out more with each passing day. This has become an ever-expanding obstacle to the further development of cross-strait relations.

There are many signs that can give one a rough idea about the basic approach of the Taiwan side in settling the problems between the two sides, namely, equating the separation between the two sides of the Taiwan Strait with the separation in other nations, such as East and West Germany and South and North Korea, which were also divided after World War II, and attempting to solve the relevant problems between the two sides of the strait by copying the formulas of those countries in handling

their own relations. It is obvious that this approach is a deviation from the objective realities of the two sides and is therefore not very feasible.

It ought to be pointed out that in all the cases of national division in the wake of World War II, the separation between the two sides of the Taiwan Strait is one that is markedly different from the separation between East Germany and West Germany, between South Korea and North Korea, or between South Vietnam and North Vietnam. This mainly finds expression in the following aspects:

### **Peculiarity of Background**

Though the separations of all the nations divided after World War II were connected to the war, the nature of the separations was evidently different. The separation of East Germany and West Germany was a result of the defeat of the German fascists in the war of aggression they initiated. It was decided upon by the victorious nations, including the United States, Britain, and the Soviet Union, through such international agreements as the Yalta Treaty. The separation of South Korea and North Korea and that of South Vietnam and North Vietnam had roughly the same background, i.e., they were respectively occupied by victorious nations after World War II first, and later, because of the outbreak of local international wars, were temporarily put under separate governments on the basis of certain agreements signed by the belligerent parties.

The separation between the two sides of the Taiwan Strait is fundamentally different from the above situations. It was largely a result of China's civil war, and its main contributory factor was the breakup of Kuomintang-CPC cooperation. It was also affected by some international factors, the most outstanding of which was the intervention of U.S. forces. Specifically speaking, its cause was: In order to scramble for the fruits of the victory in the war of resistance against Japan after it was finished, the ruling group represented by the KMT launched an anticommunist and antipeople war with the support of the United States and other foreign forces and was eventually defeated by the people's revolutionary forces led by the CPC and had to retreat to Taiwan. A most salient feature of this separation is that it inevitably involves the renewal of political power and the transfer of state power. The differences in the backgrounds of divisions determine the factors contributing to the termination of such divisions and the realization of reunification. If the reunification between East Germany and West Germany and between South Korea and North Korea was mainly dependent on changes in international factors, the key factors contributing to the solution of the problems between the two sides of the Taiwan Strait will be the degree of detente between the KMT and the CPC and the development of the political and economic situations on both sides.

### **Partiality of Separation**

The extent to which a country is divided hinges largely on the extent to which its sovereignty is divided. State



sovereignty is the highest expression of an independent nation. Internationally, it is the "subject of international law" and is a symbol of the power to take an independent part in international affairs and directly bear the rights and obligations laid down in international law. Domestically, it is the "object of international law," i.e., a legal representation for exercising effective administration over the territories under the jurisdiction of the state. The above-mentioned countries divided after World War II were under vastly different circumstances in terms of sovereignty, which to some extent directly reflected the degree of division of those nations. Because East Germany and West Germany had already been divided into two countries, their sovereignty was also divided in half. They were a classic example of a completely divided nation. Before South Vietnam and North Vietnam were reunified, though each side claimed to hold state sovereignty, the issue of sovereignty was actually left in abeyance because their dispute was not settled. The issue of the sovereignty of South Korea and North Korea, like that of the two Vietnams, was also in abeyance for a long time. Recently, through high-level talks, the South and the North decided, by adopting the method of "dual recognition," to join the United Nations and other international organizations separately and acquiesce in each other's developing diplomatic relations with the countries with which they respectively have diplomatically connections. In effect, the method employed here for handling relations between the North and the South was to completely divide the nation.

What happened to the two sides of the Taiwan Strait was totally different. After the KMT government was overthrown and the PRC was founded in 1949, in accordance with the principle of government succession of international law, the latter obtained the legitimate power and status of representing China in the world. For some time, because of the intervention of international imperialism, the legitimate seat of the PRC in the United Nations and its status as a permanent member of the Security Council were still occupied by the Taiwan authorities, and over 50 countries maintained so-called "diplomatic relations" with Taiwan. But this did not mean that the PRC did not have the status for exercising its sovereignty. With the expansion of New China's strength and the enhancement of its status, the UN General Assembly, in accordance with the principle of government succession, decided to expel Taiwan and restore the PRC's legitimate seat in the United Nations and its status as a permanent member of the Security Council in 1971. Afterward, dozens of countries restored or established diplomatic relations with China in succession and severed "diplomatic" ties with Taiwan. Up to now, over 140 countries have diplomatic relations with China. This indicates that in the past 40 years, though the two sides of the strait were in a state of division, such division is not the division of a nation in a full sense, but is a kind of regional, partial division in achieving the transfer of the main body of government and safeguarding the integrity and unity of state sovereignty. This state of division between the two sides of the strait determines that the

integration of the two sides cannot possibly be realized with the method of "one nationality, two countries" or "one country, two government bodies," as adopted by East and West Germany and South and North Korea. Otherwise, the actual outcome will be a step not toward reunification, but toward further widening of the division.

#### Certainty of the Main Part

Such certainty of the main part is connected with the partiality of the division between the two sides. It finds concentrated expression in the following two aspects: One is the certainty of representation of state sovereignty. As mentioned earlier, for over 40 years, the state sovereignty of China has been represented by the PRC Government. The other is the dominant position of the mainland in a comparison of comprehensive strength. Here, comprehensive strength refers not to ordinary economic development capacity or per capita GNP, but to the totality of each side's existing strength and potential in land, population, natural resources, economy, and science and technology, as well as its influence in the international community. After World War II, the differences in comprehensive strength between the parties to the divisions in the above mentioned nations varied widely. South Vietnam and North Vietnam were relatively close to each other in comprehensive strength after they were separated, as the territories, populations, and economic strength under their control were roughly the same. Yet the difference between East Germany and West Germany and that between South Korea and North Korea were relatively significant. For instance, West Germany outdid East Germany in territory, population, economic strength, and science and technology. North Korea has a slightly bigger territory than South Korea, but is dwarfed by the latter in population, economic strength, and science and technology. Nevertheless, their disparity in comprehensive strength was not and is not too significant. The situation across the Taiwan Strait is conspicuously different, and the most fundamental characteristic is the great disparity between the two sides in comprehensive strength. The mainland area under the direct jurisdiction of the CPC covers 30 out of the 31 provinces, municipalities, and autonomous regions of the whole country, over 99 percent of the total national territory, and over 98 percent of the total national population. Vast territory, abundant resources, as well as great economic, scientific and technological, and defense strength are the most outstanding features of the Chinese mainland. According to statistics of academic circles in the United States and Japan, the current comprehensive strength of the Chinese mainland ranks sixth or seventh among all the big countries in the world. The Taiwan area controlled by the KMT authorities covers 1 percent of the national territory and less than 2 percent of the national population. Small territory and shortage of resources are the salient features of Taiwan. Though it is a fact that Taiwan has been developing rapidly in the past one or two years, it is too inadequate to reverse the existing great disparity between the two sides in comprehensive strength

and the Chinese mainland's leading position in the development of cross-strait relations. Therefore, in handling the political issue concerning the two sides of the strait, stressing so-called "total equivalence" is a deviation from objective reality.

### Profundity of Differences

A marked common feature of the nations divided after World War II is that the two sides set up socialist and capitalist socioeconomic systems respectively and adopted different ideologies and values. As far as the division between the two sides of the Taiwan Strait is concerned, apart from the fact that the two sides formed two completely different social and economic systems, ideologies, and value systems in their respective development in the past decades, the KMT and CPC, both shouldering historical responsibilities in the development of cross-strait relations, have a decades-old rancor [ji yuan 4480 1841] against each other and, consequently, the two sides are in a state of fairly strong antagonism in political conviction and ideology. Furthermore, the misfortunes that Taiwan compatriots have suffered in the long process of history give them mixed feelings about the reunification of the mainland and Taiwan. The accumulation of these factors has deepened the division and added to the difficulty of integration of the two sides. The reality that two systems coexist in a divided nation along with other complications determine that the reunification of these countries can be realized in one of the following ways: First, one system eliminates the other system by force, exemplified by the reunification of South Vietnam and North Vietnam. But the people on both sides of the strait, who suffered to the full from the ravages of war, do not want to settle the reunification issue in such a way again. The second alternative is that one system devours the other system without violence through peaceful evolution. This method was used in reunifying East Germany and West Germany. The authorities and a number of personalities in Taiwan want very much to solve the reunification issue in the way West Germany devoured East Germany, so that Taiwan can eat up the mainland. In fact, however, even the Taiwan side also feels that Taiwan is no West Germany and China is no East Germany, so the said method is absolutely unfeasible. The third alternative is that the two systems are allowed to coexist to achieve peaceful reunification.

This is the type of reunification that the CPC is striving toward at the moment, but so far, it has not been accepted by the Taiwan authorities. There is still another alternative, integration after division. This means the two sides acknowledge the reality of division and govern separately before reunifying with each other some day. This is the road that South Korea and North Korea are pursuing. Recently, some people in Taiwan have expressed a strong desire to follow this road, but China's national conditions and the division between the mainland and Taiwan are different to those between South Korea and North Korea. Therefore, this road can hardly be a thoroughfare either. The mainland-Taiwan reunification process will eventually have to follow a road that caters to China's own characteristics.

### How To Position Cross-Strait Relations

The positioning of cross-strait relations is a crucial issue that both sides are most concerned with, is most difficult to solve, and calls for immediate solution in view of the current development of cross-strait relations. In the national reunification policy of the CPC, the Taiwan authorities are actually acknowledged as a nonsovereign special political entity that governs the area of Taiwan, Penghu Islands, Jinmen Island, and Mazu Island, has certain authority in handling foreign affairs, and enjoys a high level of autonomy. (Naturally, however, this positioning has yet to be finalized through bilateral talks.) Obviously, up to today, the realistic positioning by the CPC has not been acknowledged by the Taiwan authorities. In recent years, because of the internal and external conditions of the island and the development of cross-strait relations, the Taiwan authorities have further readjusted their policy toward the mainland and, in particular, recognized the CPC's objective existence and its political status on the mainland by officially announcing the termination of the "period of mobilization against Communist rebellion" and formulating the "National Unification Program." Compared to its previous posture, worded as "Han people and bandits are irreconcilable enemies," this is undoubtedly progress. But at the same time, the Taiwan authorities proposed that the two sides of the strait are "equivalent political entities" and even claimed that "Taiwan is an independent sovereign country." This is evidently a deviation from the objective realities across the strait. If the Taiwan authorities fail to make further adjustments that conform to the realities cross the strait on the issue of positioning cross-strait relations, they will definitely continue to obstruct the development of cross-strait relations.

The unique state of division between the two sides of the strait determines that they cannot possibly be completely "equivalent political entities," and any type of political integration of the two sides will eventually and inevitably result from appropriate balancing of the status of the mainland as the main part and the special status of Taiwan. Therefore, an appropriate principle for handling the positioning of cross-strait relations at present should be: Acknowledging the fact that in the past 40 years, as a result of China's civil war, the PRC has basically accomplished the inheritance of the state (though it does not apply in some localities) and holds the authority as the representative of the state internationally. At the same time, full respect should be given to the special political status of the Taiwan authorities. Under this precondition, both sides should handle the relevant issues between them with a rational and realistic attitude. As far as the mainland is concerned, it should not look at the problems facing Taiwan from a big country's point of view, and should consider Taiwan's difficulties at all times and take account of its interests when problems arise. As far as Taiwan is concerned, it should adopt a practical attitude and refrain from self-inflation and even bullying the other party which is bigger than itself or scrambling for equivalence at all times and on all occasions. As to Taiwan's activities in international economic, trade, and cultural organizations and the name in which it carries out these activities, the two sides

may settle the issue in a proper way under the principle of upholding the one-China policy and fully respecting the PRC's representative power through consultations, as a transitional measure prior to reunification.

The 1990's is not only an important period for the development and change of cross-strait relations, but also a crucial time for the international political and

economic reordering and the reinvigoration of our Chinese nation. The situation is gratifying as well as pressing. Now we have indeed come to this critical moment: The authorities on both sides must correctly assess the situation, seize the current favorable opportunity, break down all the obstacles facing the two sides at present, and make bigger steps forward in promoting the healthy development of cross-strait relations with a more rational and realistic attitude.



**GATT Council Decision on Membership Welcomed***OW3009074192 Taipei CNA in English  
1622 GMT 29 Sep 92*

[Text] Taipei, Sept. 29 (CNA)—The Republic of China [ROC] Government Tuesday welcomed a decision by the council of the General Agreement on Tariffs and Trade to set up a working party to examine the country's application for GATT membership.

Government spokesman Hu Chih-chiang said the government and people of the Republic of China are pleased with the decision, although it came two years and nine months after Taipei filed its application with the GATT authorities.

He also thanked GATT council members for their support to the Republic of China's bid to join the Geneva-based world trade body.

The Republic of China hopes the working party will make a favorable decision on the country's accession to the GATT, under the name of "The separate customs territory of Taiwan, Penghu, Kinmen and Matsu," Hu said.

He also pledged that the Republic of China, if admitted to the GATT, will be committed to working together with other contracting parties in promoting free trade and shouldering its responsibility as a member of the international community.

Meanwhile, Economic Affairs Minister Hsiao Wan-chang said the Republic of China will send a high-level delegation to attend the next GATT council session in November.

He predicted that Taipei will be admitted into the GATT within one year because the country's trade regime is basically in line with the GATT principles.

The accession of a new member requires the approval of two-thirds of GATT members.

**Further on Decision***OW3009090192 Taipei CNA in English 0807 GMT 30  
Sep 92*

[Excerpt] Taipei, Sept. 30 (CNA)—[passage omitted] "We hope the newly-formed screening party will work smoothly and make a favorable decision on our membership bid," [Government Spokesman] Hu Chih-chiang noted. If admitted, Hu said, the ROC will be committed to promoting free and fair trade and fulfilling its international obligations.

The GATT Council decided Tuesday to set up a working party to examine Taiwan's application for a seat in the world trade regulatory body. The ruling council made the decision after hearing a report by council Chairman B.K. Zutshi on the result of his consultations with all GATT contracting parties. Zutshi, India's representative

to the GATT, said there is a consensus among all contracting parties that "a working party on Chinese Taipei should be established now and report to the council expeditiously."

The working party, to be chaired by Ambassador Martin Morland, the British representative to the GATT, will "examine the application of the separate customs territory of Taiwan, Penghu, Kinmen and Matsu to accede to the GATT under Article 33 and to submit to the Council recommendations which may include a draft protocol of accession," Zutshi said in his report to the monthly council meeting. As a result of the decision, the Republic of China will be invited to attend future GATT council sessions as an observer, Zutshi said.

Sheu Ke-sheng, director-general of the Board of Foreign Trade, told the local press after learning of the GATT's decision that "we have walked the first step in two years and nine months." Sheu cautioned that there is still a long way to go, referring to lengthy multilateral or bilateral trade talks with interested GATT member countries before a final vote on Taiwan's membership is decided.

**Task Force Formed***OW3009090292 Taipei CNA in English 0810 GMT 30  
Sep 92*

[Text] Taipei, Sept. 30 (CNA)—The Republic of China [ROC] will send a delegation to attend the next GATT Council meeting in November, Economic Affairs Minister Hsiao Wan-chang said Tuesday [29 September]. The ROC has been accepted as a GATT observer, who is eligible to attend all future GATT sessions.

Hsiao said the government has formed a supraministerial task force to handle negotiations with the newly established GATT working party on Taiwan's membership application. The task force will announce a list of ROC delegates to the GATT Council meeting in the next few days, Hsiao said. The delegation will be headed by a vice minister, Hsiao said. The current ROC representative in Switzerland will act as a liaison officer for the negotiating team, he added.

**Official Cited on 'Difficulties'***OW3009090392 Taipei CNA in English 0814 GMT 30  
Sep 92*

[Text] Taipei, Sept. 30 (CNA)—Taiwan still faces many difficulties in its bid to join the General Agreement on Tariffs and Trade, a ranking Foreign Ministry official said Tuesday [29 September].

"We have just walked the first step, and there is still a long way to go," said Wu Tzu-dan, director of the ministry's International Organization Department. Wu made the remarks after learning that the GATT had formed a working party on Taiwan's membership application. Taiwan must gain the approval of two-thirds of

the GATT's 105 contracting parties before it can enter the influential world trade forum, Wu noted.

"It will take patience and wisdom to negotiate with so many GATT members," he cautioned.

Asked if the country will make contacts with Communist China, also a GATT observer, Wu said it will depend on future developments. Some analysts said Taipei's policy of "no direct trade, air and shipping links" with Mainland China will be tested as both sides are expected to be seated in the GATT in the "not too distant future." Analysts said the government may have to reconsider its ban on direct trade with the mainland as the GATT puts heavy emphasis on free trade among nations.

#### Dissatisfied With 'Additional' Statement

OW3009083992 Taipei CNA in English 0820 GMT 30 Sep 92

[Text] Taipei, Sept. 30 (CNA)—Economic Affairs Minister Hsiao Wan-chang said Tuesday [29 September] he was dissatisfied with an "additional" statement by a GATT spokesman on Taiwan's membership status in the General Agreement on Tariffs and Trade.

Hsiao was commenting on a statement by David Woods, head of the GATT Information Division, that Taiwan's future status in then 105-member trade forum will be similar to those of Hong Kong and Macao. Woods made the so-called "additional point" in a news conference held shortly after the GATT's ruling council decided to form a working party to formally screen Taiwan's membership application.

"I'm shocked by Woods' statement as it apparently contradicts with an earlier announcement by GATT Council Chairman B.K. Zutshi," Hsiao noted.

Reports from Geneva said Zutshi told a GATT Council session yesterday morning that all contracting parties have "a general desire to establish a working party for Chinese Taipei in the GATT known as the separate customs territory of Taiwan, Penghu, Kinmen and Matsu."

Hsiao said the government will ask GATT authorities to further clarify how they will handle Taiwan's membership application. The minister stressed that the Republic of China [ROC] has applied to join the GATT as a separate customs territory in accordance with Article 33 of the GATT Charter. Both Hong Kong and Macao, however, have joined the GATT under Article 26 of its charter, Hsiao noted. Hong Kong was recommended into the GATT by its "suzerain state," Britain, and Macao by Portugal.

Hsiao reiterated that Taiwan's membership bid has nothing to do with Mainland China's.

Hsiao insisted that the ROC's formal designation in the GATT should be the "separate customs territory of Taiwan, Penghu, Kinmen and Matsu." Nevertheless, he

said, the country agreed to be referred as "Chinese Taipei" in unofficial GATT documents and routine sessions.

#### Asia-Pacific Parliamentary Conference Begins

OW2609101892 Taipei CNA in English 0748 GMT 26 Sep 92

[Text] Taipei, Sept. 26 (CNA)—The 27th General Assembly of the Asian-Pacific Parliamentarians' Union opened Saturday [26 September] morning at the Taipei International Convention Center.

More than 100 parliamentarians from 16 Asian Pacific countries are participating in the four-day meeting.

The annual conference aims to promote unity and cooperation among all Asian Pacific nations.

During this year's meeting, the participants will discuss ways to boost cultural, economic, social and technological development in the region.

The union's next general assembly will be held in Guam in August 1993, and The Philippines will host the union's next board meeting in March 1993.

#### Opening Session Reported

OW2809091192 Taipei CNA in English 0804 GMT 28 Sep 92

[Text] Taipei, Sept. 28 (CNA)—The 27th conference of the Asian-Pacific Parliamentarians Union (APPU) opened Saturday [26 September] in Taipei with lawmakers from 16 countries participating.

President Li Teng-hui sent a written message to the meeting, encouraging the participants to pool their wisdom to help create a bright future for the Asian Pacific region.

One of the important tasks of the union is to help promote cultural, economic, onial, and technological development in the region, he said. President Li also said that the APPU has made great contributions to the promotion of cooperation among its member countries.

Tatsuo Ozawa, head of the Japanese delegation to the conference, delivered a keynote speech to mark the opening of the meeting.

Chen Chin-jang, secretary general of the Republic of China National Assembly and chairman of the conference, said at the opening ceremony that the decline of confrontation in the world after the collapse of the Soviet Union has provided a good opportunity for APPU member countries to establish "a new order in Asia."

Chen hopes that all countries in the Asian Pacific region will be able to attain the goal by enhancing their friendship and cooperation.

Premier Hao Po-tsun received at his office the leaders of 15 foreign delegations to the conference later in the morning.

#### **Joint Communique Issued**

*OW2909092492 Taipei CNA in English 0817 GMT 29 Sep 92*

[Text] Taipei, Sept. 29 (CNA)—The 27th conference of the Asian-Pacific Parliamentarians Union (APPU) issued a joint communique at the closing ceremony Monday [28 September] calling for closer cooperation among its member countries in order to promote peace in the region.

Delegations from 16 countries participated in the international forum, which opened Saturday.

They will meet with President Li Teng-hui Tuesday afternoon and attend a farewell party at Taipei's Regent Hotel Tuesday night.

On yesterday, the general assembly of the conference adopted 12 resolutions after a day of discussions. One of the resolutions calls for full support for establishing a new world order and restoring peace and prosperity to Asia.

The Republic of China [ROC] delegation proposed in the meeting that the disputes over the sovereignty of Spratly Islands in the South China Sea be solved peacefully and that countries involved in the disputes jointly develop natural resources in the area. The two sensitive proposals, however, were rejected.

The general assembly unanimously decided to hold the union's next council meeting in The Philippines in March, 1993 and the 28th general assembly in Nauru in August, 1993.

#### **Politics To Link With Economics in PRC Dealings**

*SK3009073392 Seoul YONHAP in English 0559 GMT 30 Sep 92*

[Text] Taipei, Sept. 30 (OANA-YONHAP)—Taiwan is shifting its policy to link politics with economics in dealing with China, Economic Affairs Minister Su Wanzhang was reported as saying Wednesday [30 September].

Su, explaining Taipei's economic policy toward Beijing in an interview with vernacular UNITED DAILY NEWS, said policies had to be adjusted to suit unstable political elements concerning China.

It would be natural for bilateral economic relations to expand under normal circumstances, but as China is taking "politically disadvantageous measures" toward Taiwan, Taiwan cannot take "well-intended counter-measures," the paper quoted him as saying.

Taiwan's national stability would suffer greatly otherwise, he said in the interview.

Su's remarks indicate a shift in Taipei's policy of separating politics from economics in dealing with Beijing, possibly in retaliation for Seoul-Beijing diplomatic normalization as it further isolated the country China considers a runaway province.

He warned that Taipei would not provide legal assistance, tax benefits or loans to companies that invested on the mainland despite government discouragement.

Taiwan-China trade and economic ties must be sought with a specific goal following a carefully laid out plan and order with a consensus between the government and the business sector, he was quoted as saying.

#### **Economic Cooperation With Belgium Discussed**

*OW3009074392 Taipei CNA in English 1625 GMT 29 Sep 92*

[Text] Brussels, Sept. 29 (CNA)—Republic of China [ROC] Vice Economics Minister P.K. Chiang met with Belgian Vice Prime Minister and Economics Minister Melchior Wathelet here Monday [28 September].

The meeting took place after the opening of the 12th ROC-Belgium economic cooperation committee meeting, in which both Chiang and Wathelet gave speeches. During the 20-minute meeting, Chiang told the Belgian leader that the two countries should strengthen their technological cooperation. If Belgian firms are willing to transfer more technologies, the Republic of China will be able to import more from Belgium, he said.

Wathelet agreed that the two countries should increase their cooperation, noting there is still ample room for them to further strengthen their economic and trade relations.

Earlier in the day, Chiang also met Belgian Minister for External Trade Robert Urbain.



## Hong Kong

### Local Officials Offer Apology for 'Incursion'

HK3009010792 Hong Kong SOUTH CHINA  
MORNING POST in English 30 Sep 92 p 1

[Article by Luisa Tam]

[Text] China yesterday apologised for last Friday's [25 September] incursion into Hong Kong waters, during which weapons were drawn to threaten local Marine Police.

The Hong Kong Government issued a statement saying Chinese officials acknowledged "Chinese officers had been incorrect in infringing Hong Kong's territory" and promised that "Chinese officers involved would be severely dealt with".

The apology was given verbally to a delegation of Marine Police who were invited to a special meeting with officials from Guangdong's Public Security Bureau in Shenzhen yesterday morning.

There was no official public statement by the authorities in Guangzhou, Zhufai or Beijing by late last night and official news agencies, which usually relay Beijing's statements, had not reported the meeting or the apology.

The swiftness of the apology in this case is in contrast to many earlier Hong Kong demands for explanations following incidents involving Chinese vessels said to be conducting anti-smuggling operations shooting at, boarding and even seizing boats leaving the port.

Earlier this month, the mainland admitted only to "inadvertently" entering local waters to intercept a Vietnamese ship, without offering any details or reason for the action.

Yesterday's apology was extended to the Deputy Marine Regional Commander, Chief Superintendent Basil Lim Sak-yeung, and a number of officers.

It is not known whether he was accompanied by the crew of Police Launch No 66, who were threatened by three armed Chinese officers and forced to hand over film of the incident off Waglan Island at about 2.30 pm on Friday.

The incursion was described by the acting Secretary for Security, Mr Ian Strachan, as the most serious confrontation yet within Hong Kong waters.

Hong Kong protested, saying it viewed with "grave concern the dangerous behaviour of the Chinese officers".

The row attracted high-level diplomatic concern when British Foreign Secretary Mr Douglas Hurd raised the issue with his Chinese counterpart Mr Qian Qichen at a recent meeting in New York.

The incursion, the fifth in two months, also raised fears in some quarters that the policing of Hong Kong waters was being disregarded by the Chinese as the transition draws closer.

Senior Hong Kong government officials last night welcomed the announcement and described it as "a good, positive and sincere" gesture by the Chinese.

The Secretary for Security, Mr Alistair Asprey, said the prompt investigation by the Chinese indicated that Hong Kong and Beijing shared a common interest in combating smuggling within their respective spheres of authority.

He added that both sides could put this incident behind them and look forward to closer co-operation in future.

Marine Regional Commander, Assistant Commissioner Barrie Deegan, echoed Mr Asprey's comment.

He said: "This is a very, very positive and encouraging thing. Everybody makes mistakes but the fact that they have come back so quickly and acknowledged that is very, very good." [sentence as published]

Mr Deegan added that the apology also indicated that China respected and understood the significance of the good working relationship between the two security authorities at senior level.

"Now we can build on this positive relationship and work even closer together," he said.

Another senior marine officer said the matter should go some way towards injecting confidence and boosting morale within the Marine Police division.

"It shows that the senior Chinese officials are very concerned over this matter, and they are taking the matter very seriously, which is a very encouraging sign for the future.

"OK, they admitted they have made an error but this also will have a strong positive impact on marine officers' confidence at work," he stressed.

### 'Freedoms' Granted to Journalists, Artists

HK3009010092 Hong Kong SOUTH CHINA  
MORNING POST in English 30 Sep 92 pp 1, 10

[Article by Willie Wo-lap Lam]

[Text] Patriarch Mr Deng Xiaoping has given new freedoms to China's journalists and artists by issuing a major document ahead of the 14th congress of the Communist Party.

Provided they do not break the law or go against the party line, journalists and cultural personnel are guaranteed freedom from interference by commissars and censors. The new deal is spelled out in Central Committee Document No 9, whose dissemination among cadres and media organisations began the first week of this month.

According to Chinese sources, the document on policy in the fields of propaganda, the mass media and culture closely reflected the views of Mr Deng as well as the politburo member in charge of ideology and propaganda, Mr Li Ruihuan. Divided into 12 sections, the document covers in detail the goals and requirements of the media, party propaganda, culture and entertainment. Reflecting the spirit of Mr Deng's speeches delivered in southern China early this year, it urged journalists and writers to concentrate on promoting economic reform and development for 100 years.

"Do not ask whether a policy is surnamed socialist or capitalist," it said. "Provided it speeds up economic construction, it should be given favourable treatment in the media and in works of art."

Cadres and personnel in the propaganda sphere must also help ensure the success of the economy by, for example, pointing out mistakes in policies as well as shortcomings in the products of factories and in the services sector. In the area of party construction, propagandists are asked to highlight the need to promote "young, knowledgeable, professional and revolutionary cadres" to the top echelons.

In a major departure since the Tiananmen Square crack-down, Mr Deng and his proteges seem to be reining in those Maoist commissars who have imposed a regime of terror in cultural and media circles. The document repeated almost verbatim instructions given by Mr Li in a now-famous speech to cadres in Inner Mongolia in the summer.

"So long as news and cultural workers are operating within the law and the constitution, do not interfere with them," the document said.

It called on newspaper editors to cut down the coverage of meetings and conferences held by the party and Government, as such news stories have not found favour with readers.

"Media articles should be concise and to the point," the document said. "They should make concrete contributions to the economy and to the people's lives. They should augment and speed up the flow of information".

Chinese sources said the latest set of guidelines seemed to be even more liberal concerning culture, especially popular forms. The document listed four functions of culture: "To entertain; to tell the beautiful from the ugly; to provide knowledge and to educate." Moreover, it conceded writers and artists should have ample freedom in creativity, pointing out that the intrinsic laws and requirements of creative work must be respected.

A senior editor in Beijing said: "For the first time since 1949, the party has not obliged writers and artists to propagate Marxist values." But the document made it clear that journalists and artists must never veer away

from the party leadership. They will not be allowed to write reports or produce works of art that go against party policies.

Concerning the overall ideological orientation of propaganda workers, the document repeated Mr Deng's dictum: "We must be on guard against rightism; but our major task is to counter leftist (Maoist) influence".

In connection with fighting "rightism", it cautioned against the spread of bourgeois-liberal ideas and against attempts to turn China capitalist through "peaceful evolution". China analysts said in spite of the promise of liberalisation in these sensitive areas, the nation's journalists and artists were still sceptical about the party's commitment to reform. For example, the legislature has yet to promulgate laws guaranteeing the rights of newsmen against persecution on ideological or political grounds.

Political analysts said the future orientation of propaganda and cultural work would not be determined until personnel changes were finalised after the 14th party congress. The Beijing intelligentsia is anxious that Mr Li retain his portfolio as overseer of ideology and propaganda. But conservative party elders and ideologues are scheming to "exile" Mr Li by having him appointed chairman of the largely ceremonial Chinese People's Political Consultative Conference.

### **President Bush's Veto of MFN Conditions Welcomed**

*OW3009034392 Beijing XINHUA in English 1358 GMT 29 Sep 92*

[Text] Hong Kong, September 29 (XINHUA)—Acting Secretary for Trade and Industry Denise Yue today welcomed U.S. President George Bush's veto of the bill which seeks to impose conditions on the renewal of most favored nation (MFN) trading status for China.

"We are pleased to note that one of the reasons given by the President for his veto decision is that Hong Kong would otherwise be among the casualties of the MFN conditionality bill. This shows that the effects on Hong Kong have been given weight in the President's decision," Yue said.

"We will of course continue to do all we can to ensure that Hong Kong's interests in this matter are fully understood and are taken into account," she added.

### **Macao**

### **Liaison Group Reaches 'Consensus' on Human Rights**

*OW3009112892 Beijing XINHUA Domestic Service in Chinese 0859 GMT 30 Sep 92*

[By reporter Luo Zhaoming]

[Text] Macao, 30 Sep (XINHUA)—Both sides of the Sino-Portuguese Joint Liaison Group have reached a consensus on the issue of applying the "Citizens and Political Rights International Convention" and the "Economic, Social, and Cultural Rights International Convention" in Macao. The two sides signed the minutes of the talks this morning in Macao.

Kang Jimin, head of the Chinese side of the Sino-Portuguese Liaison Group, and Carlos Nunes Portela, deputy head of the Portuguese side of the group, signed the minutes of the talks.

Kang Jimin said that friendly consultations between the Chinese and Portuguese sides have led to a consensus on the issue of applying the relevant stipulations of the two above-mentioned international human rights conventions in Macao. This will help bring about Macao's smooth transition and stable development, and it will help safeguard the basic rights and freedom of the people in Macao.

It has been learned that at a recent meeting in Lanzhou, a special Macao Basic Law group agreed to include the issue of applying the relevant stipulations of the two international human rights conventions in Macao to the articles of the draft Macao Basic Law and to propose the

examination of the issue at the ninth plenary session of the Macao Basic Law Drafting Committee.

#### Minutes of Talks Signed

OW3009121292 Beijing XINHUA in English 1143  
GMT 30 Sep 92

[Text] Macao, September 30 (XINHUA)—Minutes of talks concerning issues of Macao in "The International Covenant on Civil and Political Rights" and "The International Covenant on Economic, Social and Cultural Rights" were signed here today.

The minutes of talks were signed by Kang Jimin, chief representative of the Chinese team of the Sino-Portuguese Joint Liaison Group (JLG) and Carlos Nunes Portela, deputy representative of the JLG's Portuguese team.

This was an achievement scored by both sides through friendly consultation, Kang said after the signing ceremony.

It is beneficial to the smooth transfer of sovereignty of Macao and its smooth development. It also benefits protection of the basic rights and freedom of local residents, he added.



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